NPTA MANAGEMENT NEWS

APRIL 1987

MN

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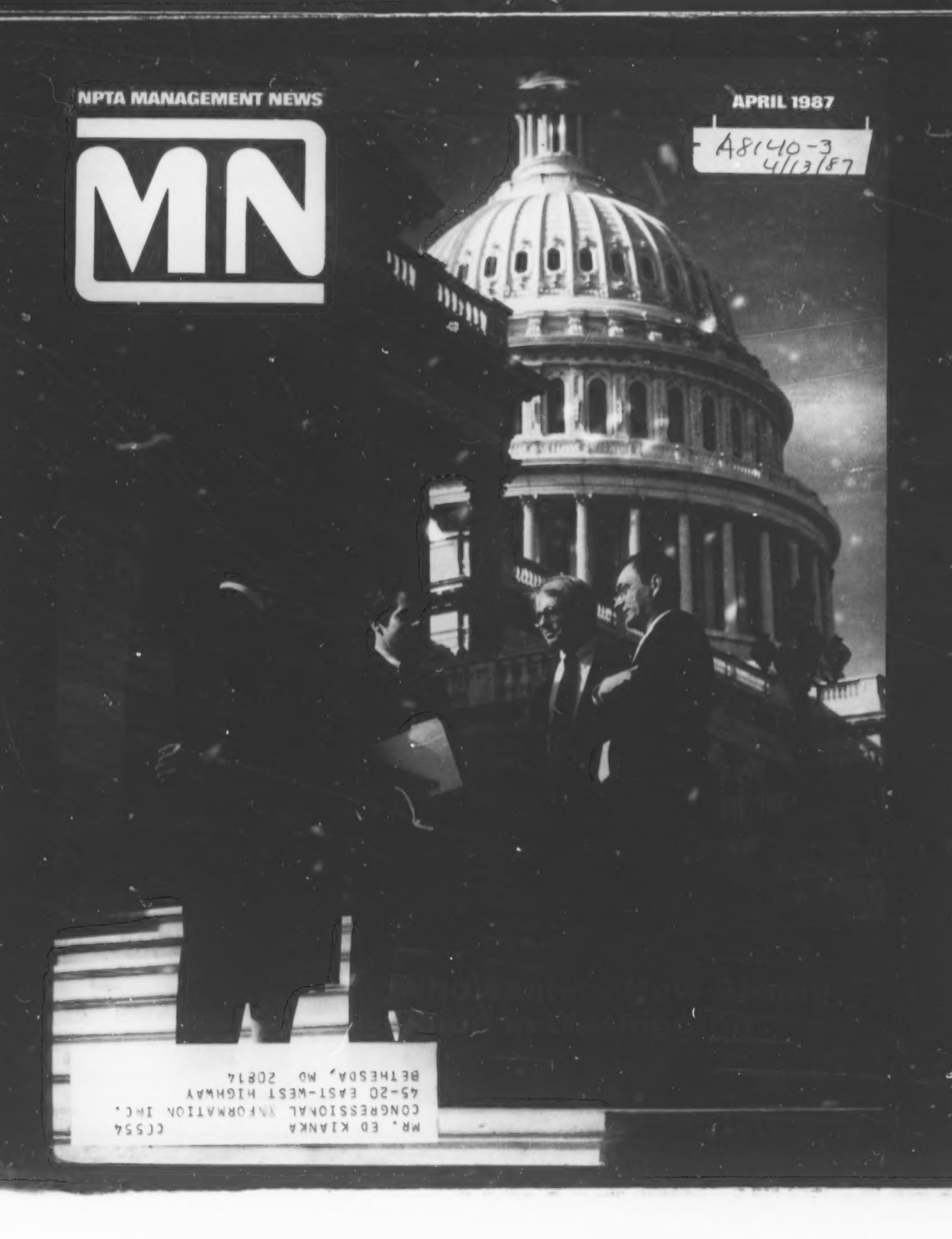

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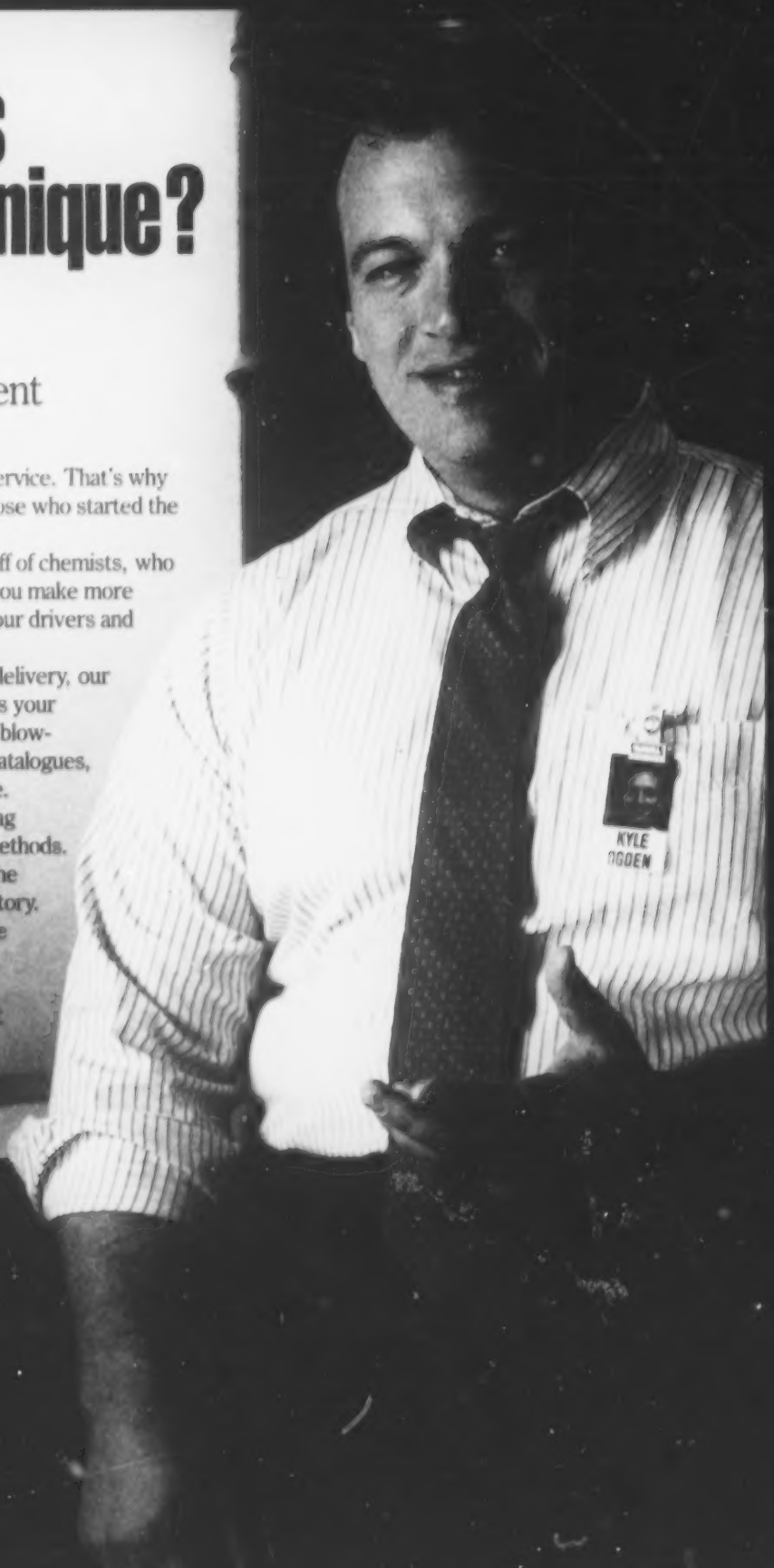

Kyle Ogden, President & CEO

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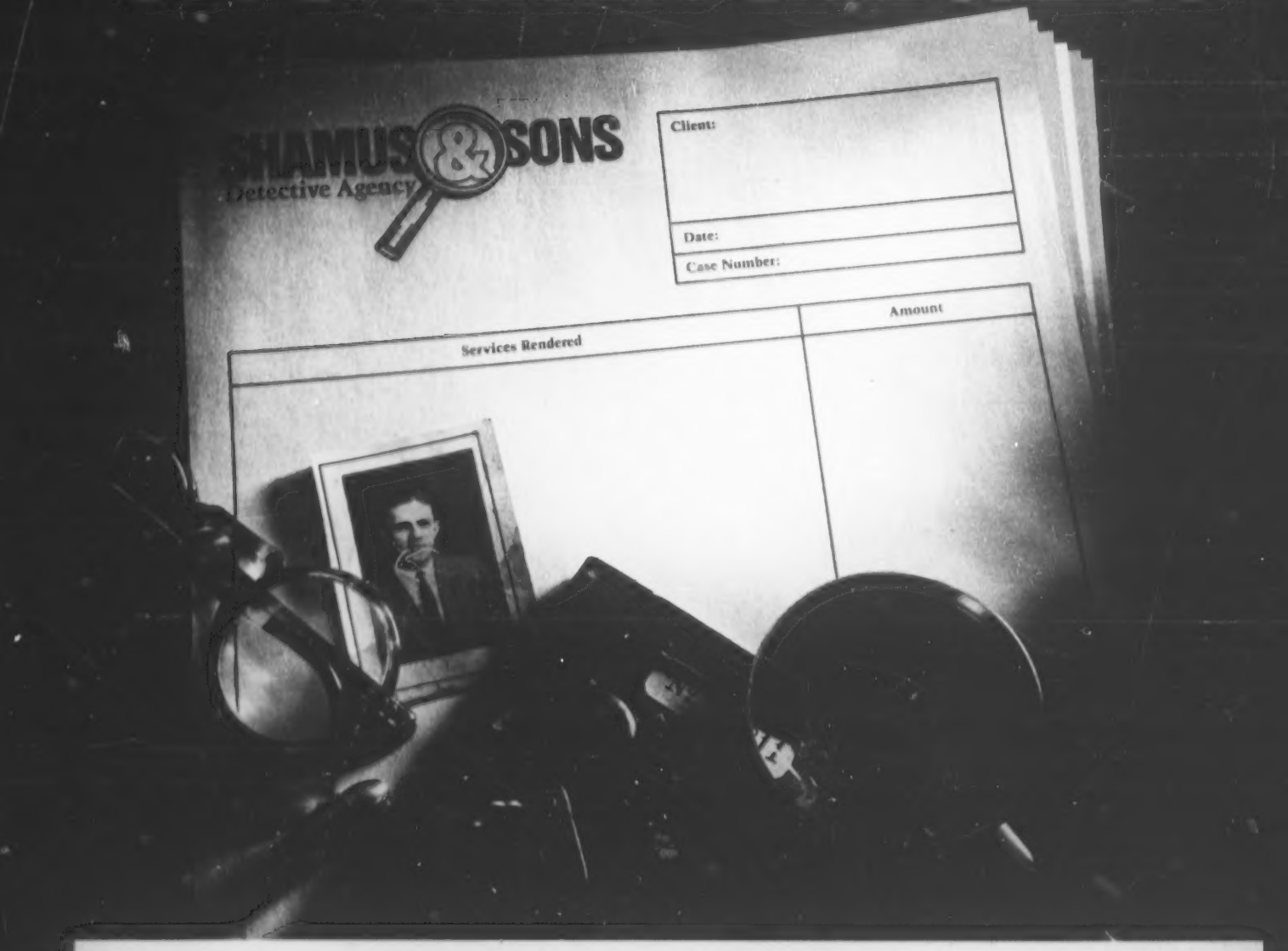

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Mead Carbonless Papers

MN
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Cover Photo: Roger A. Whiteside

FEEDBACK

Open Forum

The opinions, ideas, and concerns of the readers are important to the National Paper Trade Association—The Publisher of Management News. To get your thoughts in print, direct your correspondence to the editor.

MN Creates "Nostalgic Pleasure" for Reader

My compliments to you for the *MN* "Special Issue on Printing Paper." The concise, but comprehensive anthology offers a broad review of the various aspects affecting the distribution of fine paper.

It would seem to me that every person in a merchant organization would find at least some of the articles of interest and informative.

Even in retirement I found nostalgic pleasure in reading about the sort of problems that I wrestled with over the years! Best wishes.

Nicholas A. Meyer, vice president (retired)
Lindenmeyr Paper Corp.
East Williston, NY

MN is a "Stand Out"

I enjoy receiving the *NPTA Management News* because of the professional appearance and the news it contains. It surely stands out from the other paper industry publications that merely keep us abreast of promotions and retirements.

William E. Callahan, sales manager
The Rourke-Eno Paper Co.
Hartford, CT

Printing Paper Issue Enjoyed by Customers

Very interesting special issue of your magazine! I think our suppliers—mostly merchants—are excellent at establishing long-term, mutually beneficial relationships. Thanks for publishing it.

Donald Borzak, president
Service Web Offset Corp.
Chicago, IL

Very informative, it is circulating among the members of my staff. Thank you for thinking of us.

Jim White, director,
Printing Division
New Jersey Office
Supply Company
Wippany, NJ

Applause for a Very Special Issue of MN

My compliments, Bill, on the progress of *NPTA Management News*. The February, 1987 issue on printing paper is yet another significant progressive step in the growth of our Association magazine. My compliments to you and everyone else involved in producing this issue.

R.W. Abrams, president
West Coast Paper Company
Seattle, WA

The Sales Force Needs to Know Too!

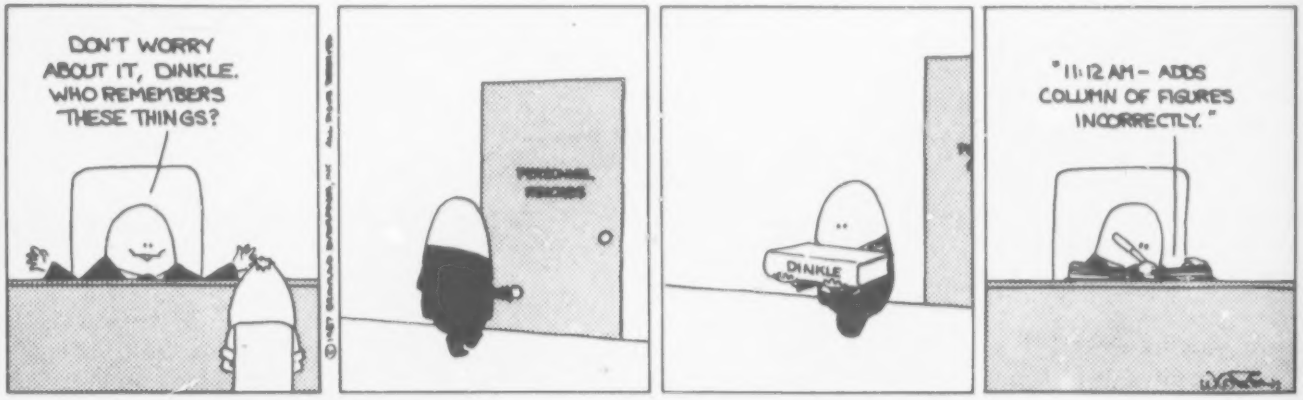
Please accept my congratulations on the excellent issue of *Management News* titled "Special Printing Paper Issue." You and your staff have continually improved this publication over the past several years, and this was the best issue of all.

I particularly support the policy of extending the circulation to our sales representatives. The more they understand the many complex and changing issues of their industry, the more professional representation they can give when dealing with our customers on a daily basis.

Please extend my congratulations to your entire staff, and I look forward to receiving *MN* in the coming months.

William E. Kelley, president
Carter Rice Storrs & Bement
Boston, MA

PAPERTOWN ™


DON'T WORRY ABOUT IT, DINKLE. WHO REMEMBERS THESE THINGS?
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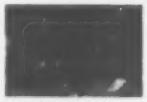

A Printer – On Vacation

1928

THE SATURDAY EVENING POST

May 1912

75

YEARS

of Hammermill Advertising!

1912

HAMMERMILL GRAPHICOPY PAPERS

TAKE IT EASY

1958

HAMMERMILL BOND

1912

1986

1987 marks the 75th year that Hammermill has advertised a mill branded product distributed through paper merchants. This milestone represents the longest and oldest commitment to advertising of any U.S. paper manufacturer.

Hammermill's advertising debuted with a 3 x 8 inch column ad featuring Hammermill Bond in the 1912 May issue of the Saturday Evening Post. Since then, our continued commitment to advertising has established and promoted some of the best known branded products in the industry.

Butler Buys Carpenter Paper of Iowa

Carpenter Paper Co. of Iowa became part of Butler Paper Co. on Dec. 30, 1986. According to Joseph Tell, president of Carpenter, the company, a dual paper merchant with about 3,000 accounts, "just had its best year ever, with $16 million in sales." Despite that, the company's stockholders decided that the time was ripe for the company to be sold.

Mr. Tell pointed out that Carpenter, an independent company, is "competing in a world dominated by chains and conglomerates." Even though Carpenter is a public company, demand for its stock exists only among the current shareholders, many of whom felt that they were getting older and would like to liquidate their holdings. When the change in the tax rates for capital gains was considered, it became obvious that 1986 was the year to sell.

Mr. Tell will stay with the company through July, and then become a consultant with the company for the rest of 1987 and perhaps into 1988. Butler has retained all 58 Carpenter employees, whose expertise and market knowledge were important considerations in Butler's decision to acquire Carpenter.

Finnish Corporation Forms American Subsidiary

Amer Group Ltd. of Finland has established a paper trading company called Amerpap International Inc. for the purpose of selling coated and uncoated printing and writing papers to warehousing merchants throughout the U.S. The new company, whose president is Rauno Ailus, is headquartered in Stamford, CT.

D.F. Munroe Acquired by Company President

D.F. Munroe Company has announced that president and CEO Arthur W. Anderson has acquired all of the outstanding shares of the company's stock. Anderson has been with Munroe since 1972. The company also announced that it has relocated its corporate headquarters and Boston Regional Distribution Center into a newly-constructed facility in Peabody, MA. The Colrane Company will occupy Munroe's old building in Wilmington, MA. Colrane, a manufacturer of word processing, computer and office products is wholly owned by Munroe.

Paper Distribution Industry
Best Sellers

Rank	Publication	Last Mo.
1	Paper Merchant's Guide to Profitable Management. *NPTA.* $49.	1
2	Strategic Planning: A Fitness Program for Wholesalers. *Arthur Andersen.* $35.	6
3	Win-Win Telemarketing Program. *S. Michael Zibrun.* $135.	2
4	Fine Paper Catalog. *Grade Finders.* $55.	3
5	Higher Profits from Day One. *Arthur Andersen.* $250.	7
6	Paper Merchant's Guide to Personnel Selection and Evaluation. *NPTA.* $85.	5
7	Branching and Market Coverage. *Healy.* $35.	8
8	Measuring Customer and Product Line Profitability. *Mullins.* $35.	4
9	Automated Inventory Management. *Graham.* $35.	10
10	Effective Financial Management. *Mullins.* $35.	—

All publications are available from NPTA

Ron Carter Fulfills His Boyhood Dream

Ron Carter, president and treasurer of Supply Service, St. Louis and member of the board of directors of NPTA spent a week in January living the life of a major league baseball player. Along with 45 other "rookies", Ron attended the Randy Hundley/St. Louis Cardinal Fantasy Camp where he studied hitting, base running, fielding and other fundamentals under the tutelage of Bob Gibson, Curt Flood, Hoyt Wilhelm and others. The week of training sessions was held at the Cubs winter camp in Mesa, AZ. The climax was a "Big Game" between the rookies and the former Cardinals, won (not too surprisingly) by the Cardinals, 14–13.

Ron came home with a Cardinal's uniform, a Louisville slugger bat, an autographed baseball, a videotape of the Big Game—and enough memories to satisfy his major league yearnings as he returned to the real world.

American Paper Institute Holds Annual Employee Relations Conference

The theme of this year's annual API conference on employee relations was "Responses to Challenges." The conference chairman was John Clute, senior vice president of human resources and general counsel for Boise Cascade, who observed in his opening remarks that the industry faces new challenges that demand a response.

The approximately 200 attendees heard Richard Klinzing, API's vice president of employee relations, give the annual labor relations review. He emphasized that the

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CHAIRMAN'S CORNER

National Clout Doesn't Come Cheap

I hope you took the time to read the stories in this issue about how our wholesaling fraternity has made national officials sit up and take notice. And I hope you realize that we would not be able to brag about our new power if it were not for the National Association of Wholesaler-Distributors (NAW) with which NPTA is affiliated.

The initiative they have shown in Washington politics comes from their support by tens of thousands of company people like you and me back home. It's a grassroots effort in the true sense of the word. But they can only stretch their funds just so far and there is so much more to do.

A dollar invested in government affairs interaction will pay a healthy dividend for your firm—remember automobile regulations and tax reform? If you feel you are already spending enough money in this area of government affairs, then consider reallocating your expenses, and support the group that works hard for you. Don't forget that NAW is by far the smallest association mentioned as one of the most effective in Washington.

NPTA's "National Partner" needs you. Your participation in the NAW is the perfect complement to your NPTA membership. I recommend that you call the NAW Membership Department today at 202-872-0855.

Tell them you want a "National Partner."

Francis J. Houlihan
NPTA Chairman

INDUSTRY NEWS CONTINUED

industry has been negotiating the smallest wage hikes in years, and has been able to include provisions that will improve productivity and reduce labor costs. Dennis Caffrey of Right Associates discussed staff layoffs and the effect such moves have on remaining employees.

Deputy Under Secretary of Labor Stephen Schlossberg, the keynote speaker, described several issues of concern to the Labor Department which he believed should also be of concern to corporate America, including the decline of organized labor, the changing characteristics of the U.S. workforce and the extent of functional illiteracy.

Other topics discussed by conference speakers were the role of women in management and the problem of drugs in the workplace. Burnell Roberts, chairman and CEO of Mead and chairman of API gave the annual "state of the industry" report, noting that the industry is doing very well, though competition is strong, both within the country and internationally.

Abe Raskin, former chief labor correspondent for *The New York Times*, was moderator for a part of the program in which various challenges facing the industry were discussed, including international competition and the need to make employees aware of its nature, and changing attitudes among employees and the need to respond to them. Raskin analyzed the current predicament of organized labor and called for greater cooperation between management and labor in meeting the challenges the U.S. economy faces.

Williamhouse Opens New Facility to Serve South

A new production facility designated Williamhouse South has been opened in Clarkesville, GA by the Williamhouse Sales Corporation. The new location brings to eight the number of company facilities coast-to-coast that produce proprietary and commodity envelopes and announcements in a great variety of sizes, styles, colors and textures. Williamhouse South expects to serve customers in Georgia, Florida, North and South Carolina, Tennessee and Alabama.

Butler-Dearden Gets New President of Company

George S. Butler, formerly treasurer of Butler-Dearden Paper Service, Inc., of Worcester, MA has become president of the company. He succceeds his brother, Douglas P. Butler, who retired. David S. Butler, son of the new president, left his position with Xerox Corporation to join Butler-Dearden's outside sales force. He represents the fourth generation of his family to be associated with the company or its predecessor.

Butler-Dearden was founded in 1930 to specialize in papers for the printing trade. It was an offshoot of Perkins & Butler, a paper and twine store founded in 1882 by the father of the late Frances Perkins, Secretary of Labor in Franklin D. Roosevelt's cabinet. The two companies finally merged in July, 1965.

NAW Elects Secretary

The National Association of Wholesaler-Distributors elected John F. Church, Jr. as the organization's secretary at its annual meeting in Boca Raton, FL in January.

Mr. Church is president of the Cincinnati Cordage & Paper Co., a dual wholesale paper merchant, and is a past chairman of the National Paper Trade Association. At present, Mr. Church is both a member of the NPTA's Advisory Council and chairman of the PAPER Foundation.

The NAW established a "Hall of Fame" at their annual meeting, selecting Harold T. Halfpenny, NAW general counsel and a founder of the NAW, and Paul L. Courtney, long-time executive vice-president of the NAW as the first inductees.

CAP International Acquires Datek

CAP International, Inc., of Marshfield, MA, a major supplier of market information to the electronic imaging industry, acquired Datek Information Services last December. Datek also serves the printer industry with research and in-depth analysis of various segments of the

NEW STRATEGIES FOR GROWTH

Paper Distribution Plans For The Future

The only report on the paper, plastics and allied products distribution industry that maps the future for the paper merchant. Based on an exhaustive industry survey of distributors, manufacturers and converters, *New Strategies For Growth* gives industry managers the latest thinking on what the 1990s will be like for them.

This 100+ page report is 8½ x 11 GBC bound for easy use. Every paper merchant, manufacturer and converter will benefit from this important contribution to planning for the future. *New Strategies For Growth* has just been published by the Paper And Plastics Education Research PAPER Foundation.

(fold here)

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Printing Paper Division

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industry. Datek will continue to serve its clients from its office in Waltham, MA.

In January, CAP International was named the 221st (out of 500) fastest growing privately held company in the United States by *Inc.* magazine. It was the only research and consulting firm to make the list, and its inclusion was based on a five-year growth rate of 972%.

General Motors and ARA Services Form Joint Venture in Cleaning

Manufacturing facilities are always engaged in a never-ending struggle to keep clean—the quality of their product is usually dependent upon it. General Motors spent about $500 million on industrial cleaning last year, employing 13,000 people for the purpose. GM's commitment to the task has been served by their Industrial Cleaning Technology Center (ICTC) in Troy, MI.

ARA Services is an international diversified service management company that provides cleaning, maintenance and groundskeeping. (They also provide a wide range of other services including food and refreshment, health and education and transportation). ARA has 115,000 employees operating in 50 states and seven foreign countries. Total sales this year are expected to exceed $4 billion.

A new company called GMARA Industrial Cleaning has been formed with GM and ARA as equal partners. The new company will use ARA's service management expertise to sell GM's industrial cleaning services to manufacturing facilities throughout the world. It is expected that GMARA will grow from an initial 85 employees to 1,000 within the next five years. It will be based at the ICTC in Troy, which will be absorbed into GMARA.

Robert J. Eaton, GM vice president in charge of Technical Staffs, and Joseph Neubauer, chairman and president of ARA, in their joint announcement of the formation of GMARA, stated that Ted S. Daly, a director from the GM Advanced Engineering Staff has been named president of the new company, while Frank L. Stoup III, vice president and general manager in charge of ARA Maintenance Systems, will become executive vice president in charge of operations. Other appointments were: Robert E. Price to be vice president of marketing, Henry W. Lock to be vice president in charge of finance and administration, and Pamela T. Cheatham to be director of purchasing.

Mr. Neubauer said, "This joint venture represents the ideal marriage of GM's highly developed industrial cleaning technology with ARA's extensive service management expertise. We're confident the result will be the best and most efficient industrial cleaning company in this country."

The service sector now provides more than 70% of the jobs in the U.S., and the cleaning industry represents one of the fastest growing segments of the service sector, with 800,000 jobs expected by 1995. Mr. Neubauer said, "We intend to see that GMARA employs its share."

Hammermill Appoints New Franchised Merchants

Early in January, Hammermill Papers Group announced the appointment of three new franchised merchants. Reliable Paper Company will cover the Milwaukee area, Roach Paper Company (a division of Distribix, Inc., St. Louis) will sell in the Little Rock area and Marks Paper Company will service the New Orleans area. All three merchants will carry the full line of Hammermill's fine printing and business papers.

Lindenmeyr Softball Team Hopes to Repeat Season

Last year the Lindenmeyr Paper Corporation fielded a team in the New York Paper Merchants Softball League for the first time. After losing its first game, the team, managed by Joe Oppito, won the next 17 games, ending up in second place to Marquardt for the season. Lindenmeyr then played Marquardt for the league championship in a best-of-three game playoff. Lindenmeyr beat Marquardt 4–3 and 9–4 for the league championship. What do you plan for an encore in 1987, Joe?

Clampitt Paper Company Constructing New Facility

Clampitt Paper Company of Dallas is constructing a 60,000 square foot office and warehouse building on a 5.5 acre site in Austin. Clampitt started in Dallas in 1941, and opened its Austin branch in 1972. Wayne Basden is vice president and general manager of the Austin operation, which expects to occupy its new facility later this spring.

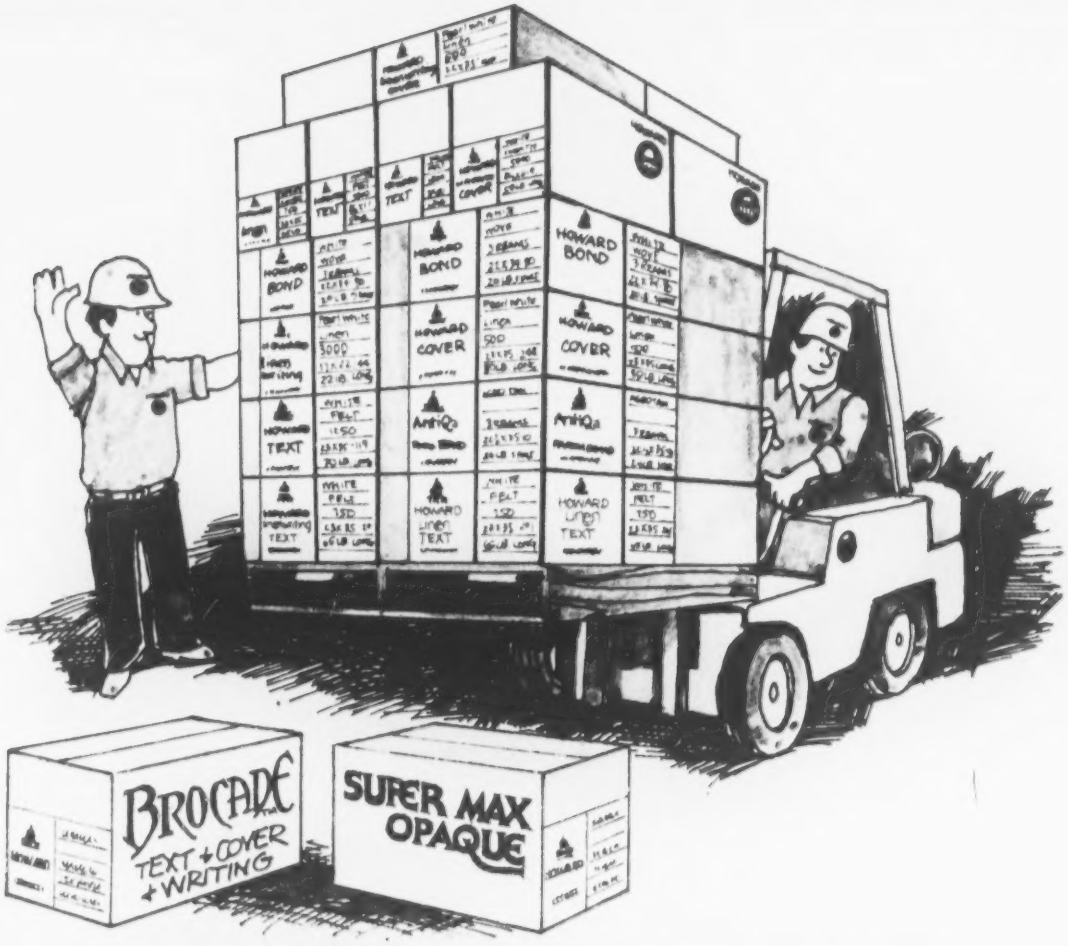
S. Walter Packaging Enters 83rd Year

Last December 19th over 100 guests helped S. Walter Packaging Corporation celebrate its 82nd anniversary at the Philmont Country Club, Huntingdon Valley, PA. Many of the company's employees were honored for more than 25 years of service, while others were cited for achieving sales levels that earned them membership in the Million Dollar Club.

S. Walter specializes in packaging for the retail trade. Their up-to-date marketing methods (such as linking major accounts into their mainframe computer so that customers can place orders directly into the computer) has made it necessary for the company to plan for a major expansion to their Philadelphia facility, according to company president Valentine L. Wilson.

News Briefs

JAMES RIVER CORPORATION has purchased approximately 26,000 acres of timberland in Mississippi and Alabama from American Can Company for about $13 million. At the same time, Prudential Insurance Company of America has agreed to acquire 116,000 of timberland, the balance of American Can's land in Alabama and Mississippi. It is expected that Prudential will sell the acreage to James River over the next seven years. The timberland that has been acquired is one of the main sources of wood supply for James River's Naheola pulp and paper mill in Pennington, AL.



"THE MARKET MAKER" ADDS TWO NEW ONES.

The already large line of papers made by Howard for you to sell has now been broadened by two new grades. Recently Howard announced the availability of Brocade Laid Text, Cover and Writing in 5 colors and two whites. In 70 Lb. Text, 65 Lb. Cover and Sub. 22 Writing. Also new Super Maxopaque for even brighter lightweight opacity. This really gives you a complete Howard line to sell.

Add these to the hundreds of sizes, weights, colors, finishes in all the grades we've had and you can see that, more than ever, Howard makes what you need to meet the requirements of your marketplace. We can ship quickly in 4 to 400 carton orders. Pool your orders, fill up a truck and get a big freight break. Howard really is "The Market Maker".

THE NATION'S PRINTING PAPERS

HOWARD

HOWARD PAPER MILLS, INC.
115 Columbia Street
P.O. Box 982
Dayton, Ohio 45401

SCOTT PAPER COMPANY has embarked on a $60 million modernization program to upgrade energy-generating facilities at its paper plant in Muskegon, MI, the nation's largest producer of premium quality coated printing paper. The project will take 30 months to complete, and will make the Muskegon plant self-sufficient in steam and virtually self-sufficient in electricity. The company expects its U.S. and Canadian operations to be at least 70% energy self-sufficient when this latest project is completed.

PACKAGING ACCESSORIES COMPANY has moved into their new 26,000 square foot building in Exton, PA. The new facility, on which construction started last July, has four loading docks, additional office space and an expanded manufacturing area.

LOUISIANA-PACIFIC CORPORATION was informed that a Commission appointed by a Federal Court in San Francisco has filed a report stating that 26,000 acres of timberland taken by the U.S. government in 1978 had a market value of nearly $364 million. The land, located in Humboldt County, CA, was taken to expand Redwood National Park, and the government had originally paid Louisiana-Pacific about $225 million for it. The Commission held lengthy hearings that lasted from October, 1985 to May, 1986. If the report is not modified, the government would owe Louisiana-Pacific about $392 million in principal and interest. An appeal to the Ninth Circuit of Appeals is possible after the lower court acts on the Commission's report.

People in the News

Donald W. Curtin has been appointed vice president of Paper Merchants, Philadelphia. He had been sales manager at Baltimore-Warner Paper Company. Both companies are part of Carter Rice.

C. E. "Bud" Gottesman, a 30 year veteran of the paper industry, has been appointed general manager of Unisource's Los Angeles division. Unisource, a division of The Paper Corporation of America, also announced the appointment of **J. M. "Mike" McClure** as general manager of their Phoenix division. McClure has had 22 years experience in distribution.

Correction: In the February issue of MN, the above photograph of Printech Week participants was mistakenly identified as the group that attended the NPTA Management Development program.

Lou Spero has been named sales manager of Butler Paper's Chicago division, filling the vacancy created when **Glenn Barton** was promoted to vice president and general manager. Other appointments announced by Butler, a division of Great Northern Nekoosa Corp. are **Bruce Conner**, fine paper sales manager and **Peter Wendt**, industrial sales manager for the Milwaukee division, **Michael Kennedy** to be general sales manager in St. Louis and **Roy Holtzman** as industrial manager in Kansas City.

John Muthe has been promoted to vice president, national accounts marketing, by the Unijax Division of the Paper Corporation of America. Other promotions made by Unijax are: **Bob Breedlove** to regional vice president of the South Florida region, **Tom Watson** to branch general manager for Unijax Orlando, **Jim Davis** to printing paper sales manager for Unijax Macon and **Nora Buchanan** to general manager of Unijax Columbus.

John T. Bauer has retired as president of Advance Paper Company, Inc., of New Orleans, after "37 enjoyable years in the paper business." While he spends his time improving his golf swing, his place will be taken by **Robert C. Morel**, who has been with Advance Paper for 18 years, most recently as executive vice president.

Paul J. Ruffing has been named vice president-finance of The Cincinnati Cordage and Paper Company. Ruffing originally joined Cordage Papers in 1980 to set up a computerized network linking the company's ten divisions in six states. His responsibilities will include those of treasurer, controller and financial planner. Cordage Papers also announced that **William E. Layne** has been appointed general manager of the company's Indianapolis division, succeeding **Robert A. Brinkman** who had served in that post for ten years. Brinkman will continue on as sales representative. Layne, who was general manager of the company's Huntington, WV division for the last three years has also headed sales training for Cordage Papers for the last five years, and will continue to do so.

Jerome E. Grover, executive vice president of the National Paper & Packaging Company, Cleveland, OH, passed away on January 30th. Mr. Grover, a principal stockholder of National Paper, had been with the company for 42 years. He had started as a graduate electrical engineer before joining the company which had been founded by his father. His son, Brent R. Grover, vice president and treasurer, is the third generation of his family to be associated with the business.

Peter R. Isen has been appointed vice president of Enterprise Paper Company, Philadelphia, PA.

Kenneth J. Freer has been named vice president of operations by Halper Bros., Inc., Elizabeth, NJ. Mr. Freer was formerly associated with the Fonda Group.

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Detail Customer and Product Sales History
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Multiple Costing in Product File
Salesman Commission Analysis
Product Scan Inquiry
Last Quantity and Selling Price
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Contract Pricing
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with many paper houses installed and using the system successfully.

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with a full staff of engineers, working in conjunction with our programmers.

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Printing Paper

Label Market Profile Now Available to Trade

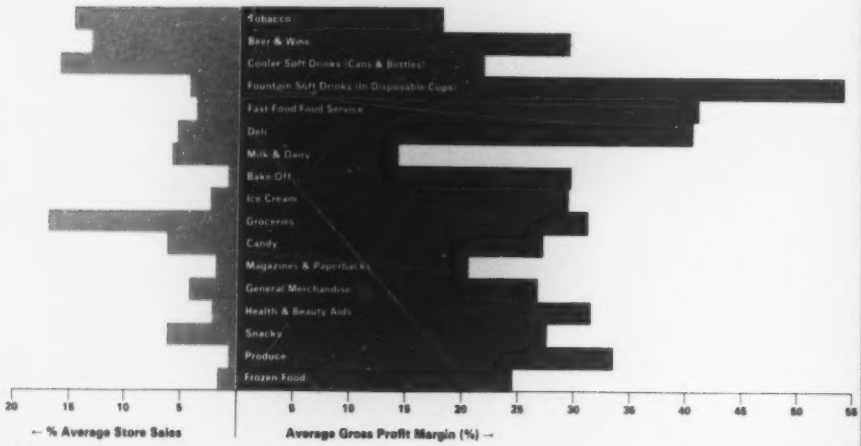
The Graphic Arts Technical Foundation (GATF) has released the latest in a series of major market profiles produced by their Techno-Economic Forecasting Division in Pittsburgh. "Label Printing" evaluates all the major segments of labelling by sales and by typical product characteristics such as label run lengths, color usage, facestock and adhesives. In addition to the U.S. market, Western European, UK, Japanese, Canadian, Australian, South African and Indian markets are also covered. Profiles of 50 leading U.S. label producers and GATF's forecast for the next three to five years are included. For more information, write GATF's European distributor for the report, Labels & Labelling Data and Consultancy Services Ltd., 10 Torrington Drive, Potters Bar, Herts EN65HR, England (telephone 0707-56828, telefax 0707-45322).

Study of Top 1,000 Annual Reports Underway

Walker Wiener Associates of Briarcliff Manor, NY is currently engaged in a study whose purpose is to identify the 1,000 largest producers of annual reports and to provide major graphic suppliers (paper producers, printers and related graphic design firms) with a complete assessment of production and graphic characteristics of the reports.

Over 30 specific production characteristics such as paper, printing, color utilization, binding and special features will be analyzed. In addition, each of the 1,000 companies whose annual reports are part of the study will be asked to identify key paper and printing buyers/influencers. Preliminary reports are expected in June, 1987. The final report will be produced as a four volume set. A full prospectus can be obtained at no cost by writing Mr. Norman Wiener, V.P., Walker Wiener Associates, 190 North State Road, Briarcliff Manor, NY 10510 or calling 914-762-8808.

Convenience Store Sales



Source: Convenience Store Merchandiser

Industrial Paper

Fast Food Service Tops Gross Profits for Convenience Stores

According to a recent survey in *Convenience Store Merchandiser*, a magazine for convenience store executives, products sold in conjunction with fast food disposables topped the list in average gross profit margin. These include fountain soft drinks (54%), fast food/food service (41%), and deli (40.5%). With these areas growing, sales to convenience stores should be much more attractive to industrial paper distributors. Product categories sold through these outlets still are below the top group of products as a percent of total store sales with groceries (16.9%) and canned or bottled cooler soft drinks (16%) being the mainstays of this business, followed by tobacco (14.6%) and beer and wine (13.1%). Recent additions to products that can be sold to these outlets are bakery boxes for those units with baked goods and microwave food packaging for those units serving hot foods.

NPTA to Release Retail Packaging Video Tape Programs

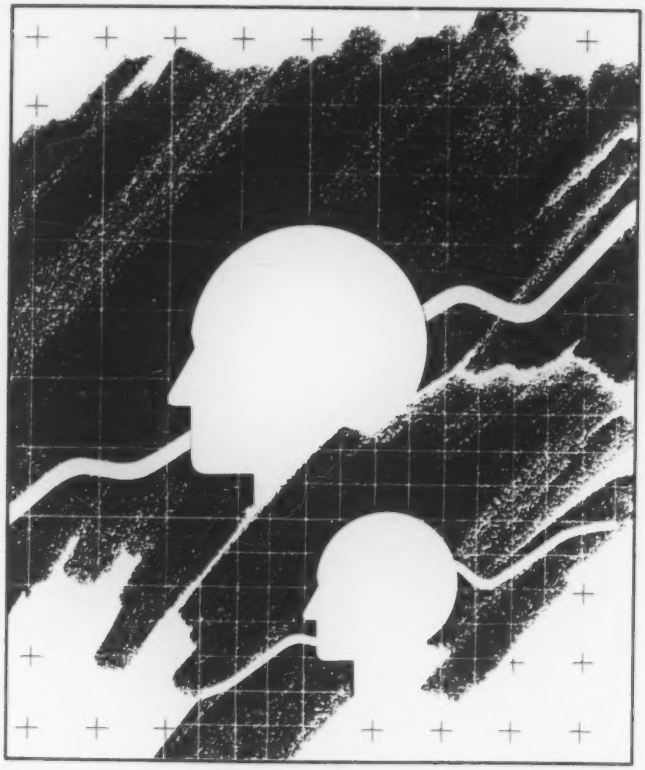
According to the latest U.S. Census Bureau's Economic Census, manufacturers of retail packaging are producing $5.4 billion worth of paper and plastic retail packaging as well as gift wrap papers.

In 1985, paper merchants estimated their sales of retail and matched packaging at close to $700 million in sales! Sales of retail packaging and affiliated products has grown significantly over the years as a major part of industrial paper merchants' business. In 1981, retail packaging accounted for only 3.74% of merchants sales by commodity classes, but, by 1985, that percentage had more than doubled to over 7% of merchants' total sales.

Merchants involved in the distribution of these products report that the business these days is more complicated, but more

HUMAN RESOURCES MANAGEMENT CONFERENCE

May 19–20, 1987
St. Louis, MO



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- Human Resource Professionals
- Executives who seek to upgrade their personnel function

If the Problem is People Performance, the Solution is NPTA's *First* Conference on Human Resources Management

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Registration Fees:	Members	Non-Members
1st Participant	$330	$410
2nd Participant	265	315
3rd Participant	190	230

Full payment must accompany this registration form
Mail to: Education & Training Department, NPTA, 111 Great Neck Road, Great Neck, NY 11021

The National Paper Trade Association

The Voice of the Paper, Plastics & Allied Products Industry

The National Paper Trade Association is a non-profit wholesale trade association. Since its founding in 1903, it has served as the industry's national representative in member training, educational assistance, legislative representation and communications link.

Through the years NPTA has become the established voice of the paper, plastics and allied products distribution industry. It serves more than 2,000 member locations in the United States, Canada and 30 other nations as their vital communications and information source.

The Association's membership represents over $18 billion in annual sales in an industry that is estimated at $27.5 billion in annual volume.

The Association serves its membership by providing an Annual Convention & Exposition, numerous publications, including the monthly MN (*Management News*) magazine, industry financial reports such as "PAR" (Performance Analysis Report), Paper Merchant Sales Report and "QBCR" (Quarterly Business Conditions Report), numerous educational seminars and workshops as well as educational video tape programs tailored to the needs of member merchants, industry research reports, legislative updates and an extensive member insurance program.

The Association is also a forum for the sharing of timely ideas and issues pertinent to the industry. NPTA has gained its strength from its devoted membership. These companies participate in constructive dialogs, idea exchanges and help create a better industry for all.

Mission Statement of NPTA:

The National Paper Trade Association will continue to be viewed as a leading industry trade association by paper, plastics and allied products distributors and suppliers, and as the organization assisting the member companies toward more productive and profitable operations.

Future NPTA Convention and Paper/Plastics and Allied Products Exposition Dates

1988—September 17-20, Hyatt Regency Hotel, Chicago

1989—October 28-31, Anaheim Marriott, Anaheim Hilton, Anaheim

1990—October 6-9, Hyatt Regency Hotel, Chicago

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profitable than ever. The key to these sales seems to be the ability of the merchants' sales personnel to focus on the image the retailer is attempting to promote for his business.

Packaging has become a moving advertisement for his products and business, and, in effect, must be more than just attractive in design. Should it be boxed or bagged? Should the shopping bags be die-cut, snap handled, loop handled or European tote type? All of these decisions must be made, and then color, type of printing and material have to be decided—after which the consumer literally throws away the product! But for the merchant, this business can be an excellent showcase with which to attract new customers, as well as good business in and of itself.

With this in mind, NPTA's Industrial Papers Division presented a session during the 1986 NPTA Convention in Boston entitled "Retail Packaging: A New Frontier for Paper Merchants?" The session was video taped and will soon be available for purchase. The program features the viewpoint of three very different sides of this exciting product area: the distributor's view, the manufacturer's view and the customer's view.

The program explores the concept of how this product should be sold, warehoused and purchased by the distributor. It also describes the nature of the business and what distributors can expect to happen when they enter into the business. It outlines the relationships involved between manufacturers, distributors and customers, and how sales personnel need to be trained to sell this product line. It also features statistics on the business to help you gauge the magnitude of the industry and how it relates to you.

Distributors will also learn what to expect from manufacturers and how to choose the best supplier for a particular customer need. You will get first hand opinions on what distributors should be doing for customers, manufacturers and themselves in order to be as successful as possible with this product line.

Most important, you will learn what the customer is *really* looking for, what they think and what they really want. The program features Mr. Thomas E. Costello, vice president marketing, Dixon Paper Co., Denver, CO (distributor), Mr. William Bradfield, formerly president, St. Clair Pakwell, Chicago, IL (manufacturer), and Mr. Warren Wilson, director of purchasing, McRae's, Inc., Jackson, MS (customer). Each of these men has extensive experience in the areas of buying, manufacturing and distributing retail packaging and allied products. The program will cost $65.00 per tape and runs approximately one hour. Watch *MN* and *NPTA Up-Date* for further information.

The Meat and Potatoes Barometer for Restaurants

According to an article entitled "Hearty Eaters Rank First," by Linda Cecere, which appeared in *Restaurant Business Magazine*, with all the talk about the appeal to health-conscious consumers, traditional still remained the primary target of restaurant operators and fast food outlet managers. These diners account for the largest share of all eating occasions at 43%. More than half labeled themselves as "meat and potato" eaters. Top choices for meals: steak, hamburgers, fried chicken and fried fish, all served with some kind of potato side order.

The Sales Professional 1

A special section dedicated to those who sell or manage the sales function

Cold Calls: Some Ideas to Make Them Work Better

Probably the most difficult assignment faced by an outside salesperson is making cold calls. The problems created by not having an appointment to see an unknown person who is defended by a hostile receptionist can create a very real fear of rejection and a reluctance to go out on cold calls in the first place.

Michael J. St. Lawrence of the Dale Carnegie Institute has some suggestions to help the situation. It is helpful to do some research on the firm before making your first approach. Tell the receptionist that you want to discuss some ideas that might help the firm's business or ask if there is anyone who is faced with a problem related to the salesperson's business. The most important thing to remember, according to Mr. St. Lawrence, is not to push for an order on the first call, but rather make the call an informational meeting. Use the time to introduce yourself and your company and to find out about the company with which you are trying to establish a relationship.

One of the most important things you can do on the first call is to establish credibility for yourself and your company. If you are working for a well-known firm, credibility is established just by showing your business card. For lesser-known firms it helps to mention some well-known customers you deal with and describing the problems you have been solving for them.

Don't, on the first call, try to overwhelm the prospect with too much information about your product(s). Try to get information about problems you might be able to help with—and, after asking a question, *don't* keep on talking. Silence on your part will encourage the person to answer. And if you find the answer not to your liking, maintaining your silence will usually cause the person to talk some more. If you are still not satisfied, ask him what he means or to be more specific. Even if you have a good memory, take notes—it makes your contact feel that his words are important and he is more likely to give you valuable information.

If the call has gone well, tell the prospect that you have gotten a lot of information about his company and you have some ideas that might work for him, ideas you want to think over, develop and then present to him at a later time. Then ask for another appointment (suggest a specific day and time). Getting that next appointment shows that you have created a favorable impression and are on your way to changing the prospect into a customer. (Of course you will not always be successful, and, if it is obvious that things are not going well, don't waste your valuable time. Move on to your next possibility.)■

Salespeople Happiest of All Employees

According to Stanard & Associates, Inc., Chicago industrial psychologists, a survey has found that salespeople are happier with their jobs than any other employee group. Factors that were cited included competent supervisors, cooperation from co-workers, and recognition and opportunities for growth. Way down on the list were such things as pay, benefits and job security.■

Lots of Wasted Paper—But Who's Complaining?

Accountemps, a temporary personnel service, did a study which concluded that business made 350 billion copies in 1986—and then threw 130 billion of them away! This works out to 26 million cartons of copier paper that were sold, only to be wasted. (And then there's computer printouts...)■

Sales Briefs

UNITED PAPER INC. has promoted Charlie Schmidt to national sales manager. He had previously been a regional sales manager for the company. Jeffrey A. Hussey has been appointed as sales representative for United Paper. He has over eight years experience in the paper industry.

FLAMBEAU PAPER has announced that Robert White has joined the company as midwest sales manager. Before becoming part of the paper sales industry ten years ago, White worked in the printing trade for over twenty years.

GEORGIA-PACIFIC has named Dana Dobbs Wall to be assistant director of communications for their Printing Paper Division. She will be responsible for development and production of promotional materials for several of the company's printing paper grades as well as a variety of special advertising projects. Georgia-Pacific also announced that Thomas E. Kemeny, manager of technical service at G-P's Port Hudson, LA mill will add technical customer service responsibilities for the company's bleached sulfite market pulp grades to his other duties. Charles A. "Chuck" Barber has been named specialty pulp sales manager for the G-P Bellingham, WA mill in addition to his present position as technical service manager for all paper- and specialty-grade market pulp produced at Bellingham.

CARROLL COMPANY of Garland, TX a chemical specialties company, is producing Amigo Waterless Hand Creme, a pumice and antiseptic-containing free-flowing hand cleaner. The product has a citrus odor and it is claimed to be able to get the most heavily soiled hands clean while being mild enough to use every day. Carroll has also announced that Len Oglesby has been added to its national sales force as an account executive based in Memphis, TN.

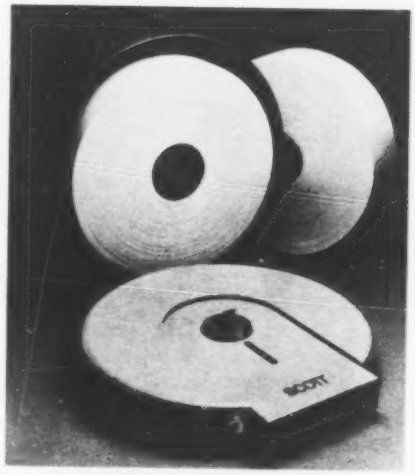
HAMMERMILL PAPERS GROUP has announced three promotions in its Sales Department. Bruce A. Kelsey has been named district sales manager for the Western Sales Region. Except for two years, Kelsey has been with Hammermill since 1964, most recently operating the Detroit sales office. Matthew D. Glass has been named district sales representative for Detroit, replacing Kelsey in that position. Vincent E. Hanhold has become district sales representative for the Central Sales Region, headquartered in Columbus.

ACME PAPER & SUPPLY COMPANY has announced the appointment of Gary A. Dahne as sales representative. He will be responsible for developing business in the health care industry and other businesses in the Baltimore/Washington area.

S. WALTER PACKAGING CORP. has appointed Steve Cohen to be sales manager of retail sales. Other personnel changes at Walter are: David Schultz, moving from expediter to customer service; Andrew Goodman, moving from customer service to sales; Bonnie Walls and Beverly Pakyz are joining customer service; and Kris Fuller is now in charge of Walter's secondary computer system.

MAYER MYERS PAPER COMPANY proudly announced that Jimmie L. Dawson was one of the winners of a Distinguished Sales Award presented by the Sales and Marketing Executives of Memphis at a February banquet. Mr. Dawson and the other winners all received engraved plaques to mark the occasion.

BECKETT PAPER COMPANY has produced a new sample book featuring new additions to their embossed grade. Five new colors and a sturdier 80 lb. cover are now available. The mill is now stocking eight colors and two whites in 70 lb. text and ten colors and two whites in 80 lb. cover. A special 65 lb. cover is offered in white only.



SCOTT PAPER COMPANY believes that its unique JRT® Jumbo Roll Tissue—a 4,500 foot-long roll of toilet tissue—will solve so many public washroom problems that it has inaugurated a "satisfaction guarantee" for companies willing to try it. Under the guarantee, Scott promises to buy back any unused toilet tissue and to reconvert washrooms to their original tissue dispensers if management is not satisfied with Jumbo Roll Tissue at any time after a 90-day trial period. For more information, write to JRT Guarantee, Scott Paper Company, Dept. JS-41, P.O. Box 830, Devon, PA 19333 or call Scott at 1-800-4-Scott-1.■

Strathmore Promotion Highlights Color-on-Color

A second promotion featuring Strathmore Grandee cover and text papers and the new color palette for the grade has been released by Strathmore Paper Company. The new portfolio, called "The Moods of Strathmore Grandee," was prepared, according to David E. Rousse, marketing manager for the company's Printing Papers Division, "to demonstrate practical uses of Strathmore Grandee in a color-on-color printed piece," and "to highlight the effectiveness of Grandee with two-color budgets."

The promotion emphasizes simplicity, showing how innovative and attractive color-on-color work can be produced with a single pass of one or two colors. The paper's improved opacity and ink holdout are demonstrated using both transparent and opaque inks. The portfolio shows the work of several prominent designers in addition to the design work of Keiler Advertising of Farmington, CT, which created the promotion.■

How is a Salesperson Like a Baseball Player?

Selling has a lot in common with baseball—except that the salesperson finds him/herself filling several positions at once. Consider: while the salesperson in giving his pitch to a customer, he must be alert to catch what the customer says so he can overcome objections and make the sale, thus becoming a hit with his boss, instead of being thrown out.■

Are You Doing as Well as You Can in Sales?

Your performance as a salesperson is rated by your sales manager, of course, but do you also try to rate yourself? Can you honestly say (to yourself) that you are doing the very best that you can? While there are those of us who are never satisfied, no matter what we have achieved, many of us are content to rest on our laurels much of the time. If we land a couple of good-sized orders we figure we have earned, in addition to our commission, the right to relax for a while.

Maybe you ascribe your (or somebody else's) sales success to "luck" instead of preparation and hard work. While we can, on occasion, "get lucky," luck is too fickle to rely on to make our living for us.

If you are not completely satisfied with your current level of success, one

of the simplest things you can do to improve is to set goals for yourself (such as two new customers each month). Don't set your sights so high as to be unreasonable or you will only become discouraged. Pick a goal that you know you can achieve (if you work just a little harder)—and *keep records!*

It is absolutely necessary to keep records so you can track your progress toward reaching your self-set goal. Lack of indicated progress will act as a spur (if you are really serious about reaching your goal). Progress, on the other hand, also acts as an inspiration to keep up the good work—leading us on to higher levels of achievement, so either way, you can't lose.■

Telemarketing Attracting More Attention Today

Every once in a while a research firm will publish its current estimate of the cost of an outside sales call. A report by the Laboratory of Advertising Performance of McGraw-Hill Research puts the figure at $229.70. It is not surprising, therefore, that businesses are always on the lookout for less expensive ways of reaching their customers. One method that is growing in popularity is telemarketing, i.e., using an existing communications network that makes it possible to reach out to customers and potential customers in wholesale quantities.

Evidence that the idea is catching on with the NPTA membership can be seen in the monthly report of "Best Sellers," which shows the rise in popularity of *Win-Win Telemarketing for Wholesaler-Distributors* by S. Michael Zibrun. *Win-Win* was number 8 on the February list and zoomed to number 2 on the March list.

Produced for the National Association of Wholesaler-Distributors, and available from the NPTA, the program introduces the concept of telemarketing and explains how it provides a competitive edge for its users. It then goes on to explain in detail how to tailor a program to fit your company's needs, including how to choose and train the right people to manage and operate the program. The type of forms that will be needed to keep track of the system are included and there is even a training cassette provided.

If you think the time is ripe for your company to get into telemarketing, you can order the program from NPTA by sending a check for $135.00 or by calling 516-829-3070 and charging it with Visa, Mastercard or American Express.■

EVENTS

APRIL

9–11. *The Southwestern Paper Merchants Association and The Paper Suppliers Association of the Southwest 61st Annual Convention at the Westin Hotel-Galleria, Dallas, TX. For information call: 512-452-4571.*

26–May 1. *Printech Week, Rochester Institute of Technology, Rochester, NY. Contact NPTA.*

29–May 1. *19th Annual Paper Industry Management Association (PIMA)/ MIS International Conference, Hyatt Regency Cambridge, Boston, MA. Contact Scott Baumruck, 312-956-0250.*

MAY

3–8 & Nov. 8–13. *Paper Distribution Management Development Program at Miami University, Oxford, OH. Contact NPTA.*

6. *New England Paper Merchants Association's Annual Meeting. Contact Albin Johnson, Jr., 617-748-2272.*

19–20. *NPTA's Human Resource Management Conference, St. Louis, MO. Contact NPTA.*

JUNE

1. *Boston Paper Trade Association's Golf Outing. Contact Albin Johnson, Jr., 617-748-2272.*

2. *NPTA's Market Intelligence, Dallas, TX. Contact NPTA.*

15–17. *International Pulp-Paper & Converting Exhibition and Conference for Asia, Tokyo International Fair Grounds (Harumi). Contact William R. Burris, E. J. Krause & Associates, 301-986-7800.*

16–19. *Paper Industry Management Association's (PIMA) 68th Annual International Management Conference, Radisson Hotel South, Minneapolis, MN. Contact Scott Baumruck, 312-956-0250.*

Ask Not What Your Customer Can do for You...

Once you have established a relationship with a customer and can rely on a steady stream of orders to be forthcoming, it is easy to begin to take that customer for granted. The relationship becomes cut-and-dried and you run the risk of losing out in the end.

You might be cheating yourself (and your company) by assuming that whatever you are currently selling to that customer is the only product he wants to buy from you. He may be turning to other suppliers for products that you also carry. If you don't find out what else he uses, you are missing out on a chance to increase your sales to an *existing* customer—which is much easier to do than finding new customers. Or he might be ready for an upgrade in ↗

either quantity or quality—and again, if you haven't been keeping in close touch, you won't be aware of what he has in mind.

Worst of all, he might be approached by a hot-shot sales rep from one of your competitors who will promise him the world in exchange for his business and you suddenly realize that the steady stream of orders has stopped. Once lost to the competition, it can be very difficult to recapture the account—especially if the new supplier is living up to his promises to give excellent service. The simple moral is: once you are doing business with a customer you have an advantage over the competition—but the relationship cannot be taken for granted or *you* might end up being the competition!■

Quarterly Awards Announced by Paper Corp. of U.S.

Selected from entries received from merchants throughout the U.S. and Canada, the Winter 1987 Certificates of Excellence Awards have been presented by Paper Corporation of United States, the New York based representative for Papierfabrik Scheufelen of West Germany. Scheufelen makes the awards to recognize outstanding printing and/or design for work produced on Phoenix Imperial Premium Art Coated Paper or its web equivalent, Phoenoweb.

Shaughnessy Kniep Hawe, St. Louis merchant for Phoenix Imperial, submitted an award winning entry for the Spray Division Product Catalog produced by Wooster Brush Company. Another award went to Hemlock Printers of Vancouver, whose entry, a self-promotion poster titled "Craftsmanship", was submitted by Inter City Papers, Ltd. of Vancouver.

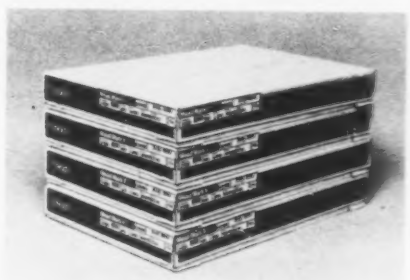
Hudson Valley Paper Company of Albany, NY and Battery Graphics of Brattleboro, VT each received an award for a combination Phoenix Imperial swatch book/promotion booklet called "Shiny Side Up." The last award was presented to Mary Melzer of Chicago for her work in designing a series of Phoenix Imperial sales promotion material, including a swatch book, promotion response card, newsletter and presentation folder.■

New Guide Helps Meet Tax Law Mandates

The Tax Reform Act of 1986 has created new rules regarding travel and entertainment (T&E) expenses. Stricter qualifications as well as lower deductibility require that companies tighten up their control systems for reporting T&E expenses. An American Express survey found that only one-third of 2,500 companies that responded thought that their efforts to control expenses were successful. Only half the companies believed that they had reporting systems in place that were able to meet the new reporting requirements. As a result, American Express Travel Management Services has published a guide called *Tax Reform and T&E* which includes recommendations to help companies comply with IRS requirements and to manage their T&E budgets more effectively. For a free copy of the guide, write to Steven Alesio, Vice President, American Express Travel Management Services, American Express Tower, World Financial Center, New York, NY 10285-4110.■

Mead Adds to Cast-Coated Cover Line

Mead Mark V is the latest product to join Mead's cast-coated cover stocks. According to Mead, the cast-coated side features a high brightness, mirror-like surface which is ideal for process color work, embossing, die cutting and foil stamping. The reverse side, Mead says, is designed to meet the requirements of an uncoated offset paper, making Mark V an ideal choice for posters, annual report covers, menus, matchbook covers and calendars. Mark V is available in 8. 9, 10 and 12 point calipers, and more information as well as printed samples can be obtained by writing to Mead Paper, Marketing Communications, Courthouse Plaza, Dayton, OH 45463, or calling 1-800-345-MEAD, Ext. 3221.■



Booklet Pays Tribute to the Printed Word by Hammermill Papers

Hammermill Papers Group has published a 24-page booklet titled "For Wisdom, Piety, Delight or Use," which attempts to illustrate with words and pictures some of the many ways printing enriches our lives. The thought-provoking quotations come from such as Thomas Jefferson, Benjamin Franklin, Mark Twain, Henry David Thoreau, Harry Truman, Virginia Woolf, William Shakespeare—and the Bible. The photographs show people reading in a variety of settings (except for one picture of a student sleeping at a table while holding a book titled "Sleep: An Experimental Approach").

The booklet is, of course, an advertising piece, conceived, designed and produced by Klaus Gemming/Word & Image for the purpose of demonstrating the capabilities of Hammermill Offset Opaque and Hammermill Cover, but that in no way detracts from its charm. To get a copy for yourself, see your local Hammermill Merchant or write to Hammermill Paper Group, Erie, PA 16533.■

ARE THERE PROBLEMS IN WORKING TOGETHER?

Even when one employee quits as a result of a conflict on the job, he is pleased to have the problem settled. Theodore Caplow makes this statement in How to Run Any Organization. *The "other" employee and the company are also winners in this situation, he says, because the company is then able to operate more smoothly. He also maintains that most communication breakdowns are due to managerial error.*

The example he gives is a conflict between a vice president of production (an engineer) and a vice president of marketing. The former wanted to emphasize quality and called the marketing man a charlatan for using gimmicks and sensationalism that he thought downgraded the product. Though they hated each other, the president liked both of them and refused to take sides. Straddling the fence, says Caplow, only sustained the problem, until the marketing man finally left.

What should be done in such a case? First, Caplow recommends that superiors look at how their actions (and inactions) contribute to the discord. When they are not able to reconcile the differences, people should be moved to work settings with more compatible employees. Still, such manipulation is not always possible and tension may come from jealousy, bad temper, ethnic prejudice or private grudge. Finally, warnings must be made that continued feuding will bring penalties or dismissal.

PAY HIKES FOR EXECS LOWEST IN THREE YEARS

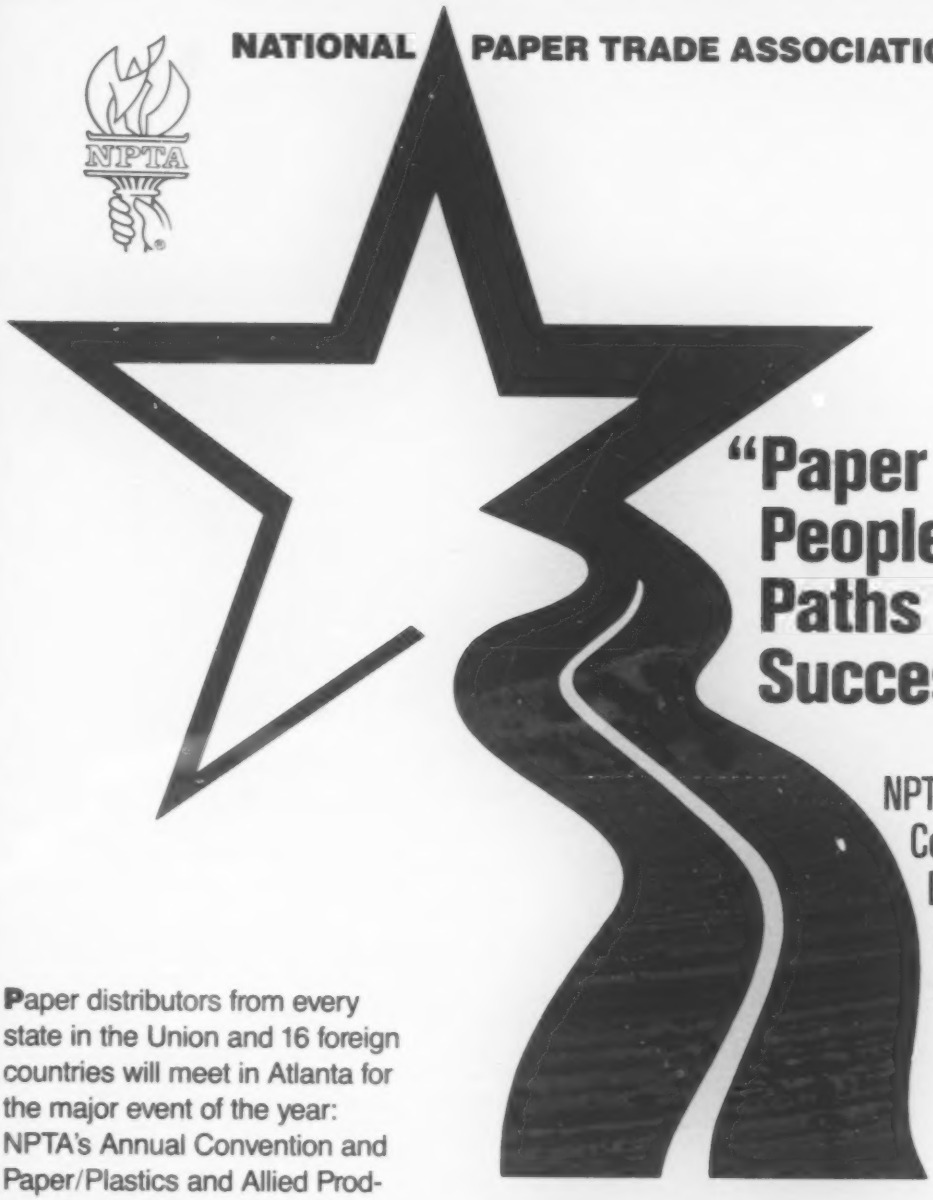
The 1,000 companies surveyed by Sibson & Co. reported that in 1986, salaries for executives rose 7%, but due to smaller bonuses, total compensation was up only 6.5%. 1985 saw salaries rise 7.6% and total pay was up 10.7%.

President of Sibson, Jude T. Rich, said that "bonuses awarded in 1986 reflected corporate performance in 1985." The profits for the country's 500 largest industrial companies decline 19.1% in 1985.

NEED COMPENSATION INFO FOR YOUR SALES PEOPLE?

If you are responsible for the compensation program for your sales people, order these very informative reports from NPTA: Printing Paper Sales Compensation *($40) and* Industrial Paper Sales Compensation *($32). Call NPTA's Communication's Department for an informative brochure or to order over the phone: 516-829-3070.*

NATIONAL PAPER TRADE ASSOCIATION, INC.



"Paper People Paths To Success"

NPTA Annual Convention and Exposition
September 19-22, 1987
Atlanta, Georgia

Paper distributors from every state in the Union and 16 foreign countries will meet in Atlanta for the major event of the year: NPTA's Annual Convention and Paper/Plastics and Allied Products Exposition.

Plan on being there for important workshops and seminars, a chance to meet the leaders of the industry, share ideas, and learn what's new on the market for paper distributors.

Expo '87 will feature paper, plastic and related products including health care disposables, retail and industrial packaging, food service items, sanitary supplies and equipment, nonwovens, foils, tapes, wraps and other specialties. Computer hardware and software designed specifically for paper distributors will also be displayed.

Don't miss NPTA's Convention and Expo '87—The Show, The Meetings, the Special Events . . . all waiting for you in Atlanta!

Exposition Management:
Scherago Associates, Inc.
1515 Broadway
New York, New York 10036
(212) 730-1050

Sponsoring Organization:
National Paper Trade Association, inc.
111 Great Neck Road
Great Neck, New York 11021
(516) 829-3070

Wholesalers New Strong Voice in Washington

Gone are the days of the quiet, unknown "middleman" whose efforts were hardly noticed in the movement of goods from manufacturer to consumer. Today's wholesalers are cutting-edge professionals, dominating the distribution channel, exercising direct control over the marketing of the goods they sell. Control of distribution is a powerful force. This fact has not gone unnoticed in Washington. Not at all.

The main thing about wholesalers, reports one Capitol Hill observer, is that they are true entrepreneurs. In 1986, merchant wholesalers contributed more than $1.4 trillion in sales to the U.S. economy—no small piece of the American pie. But that alone has not made legislators listen.

Those in Federal government only pay attention when there is a good story teller to hold their interest. It wasn't until 1946 that a group emerged to look after the interests of wholesale merchants in the halls of Congress and tell their story. They crafted a message and presented it in a way that the power brokers on the Hill could not ignore.

NAW's Nick Calio displays the volume of membership mail to Congress that was received as a response to a call for action.

Formed to deal with the legacy of wartime production controls, the National Association of Wholesaler-Distributors (NAW) has spent the past 40 years in pursuit of the creation of an economic climate in the United States in which distributors can flourish. Their efforts have made news and drawn attention to the needs of the wholesaling community.

The Washington Perspective of Wholesaling

It is fair to say that in Washington politics, numbers mean influence. The more letters and phone calls received by legislators, the more likely they are to listen. Wholesalers, until recently, had no realization of the size and potential of their clout in our Nation's capital. When NAW developed its computerized database of distributors who knew, or had some entré to their Congressmen and women personally, they were able to generate over 10,000 listings. NAW's full membership now stands at more than 40,000 wholesaling companies, which includes wholesale distribution firms belonging to NAW's 120 commodity line associations. When rallied, this force can turn out for a fight, and turn out quickly.

Wholesaler-distributors are a constituency that Congress likes. Members of this group are typically community-rooted, many are second and third generation business people. These are the people who are active in Rotary Clubs, banks, hospital boards, and the like, evenly distributed throughout the United States. This has created a broad base of support, and a broad base of interest on the part of lawmakers. NAW never allows Congress or other Washington bureaucrats to forget the magnitude of this constituency.

For example, when confronted with stringent new automobile rules that would have had a negative effect on wholesalers, NAW went to the Hill to plead the distributors' case before Congress. Armed with 4,000 letters and statistics showing how costly, impractical and unfair the regulations were, both the House and Senate repealed them—with only two dissenting votes out of the 535 cast. "The outcome shows the importance of grass roots in lobbying," said Dirk Van Dongen, NAW president. "Wholesalers can have a very real effect on what goes on in this town, if they choose to do so."

According to *Business & Public Affairs Fortnightly*, a well-respected Washington newsletter, the seven most influential groups to have emerged in the Capitol in the past two years from the thousands of lobbying organizations are:

Dirk Van Dongen

- American Business Conference
- American Council for Capital Formation
- Business Roundtable
- National Association of Manufacturers
- National Association of Wholesaler-Distributors
- National Federation of Independent Business
- U.S. Chamber of Commerce

The New York Times, reporting on the new, powerful groups in Washington, said, "Other lobbyists...seem poised to move to the forefront...The National Association of Wholesaler-Distributors represents (an) organization whose members are currently in favor on Capitol Hill." "It took a great deal of effort to get there," says Van Dongen, "and it requires much work to stay 'in favor'."

Van Dongen and his staff of wholesaling experts are constantly moving back and forth from the Hill to the White House giving testimony on bills before the House and Senate, meeting with the President or his advisors, or planning new strategies with legislative aides. "It's a 13 months-a-year job," says Van Dongen. "But the legislators and White House staff know how serious we are and respect our opinions."

"One can't walk into a Congressional hearing room without being armed for a fight," said Nick Calio, NAW's vice president-government relations and executive director, WDPAC. "If we haven't done our homework, they'll tear us apart." Getting that background research accomplished, such as was done with the facts collected on the automobile legislation and its potential impact on wholealers, takes a good deal of time and money, plus an organization to support it.

A Brief History of Wholesaler's Impact on Tax Reform

No legislation will have a greater impact on paper merchants than Tax Reform. NAW and its coalition helped gain a great victory.

Tax reform was one of the most significant legislative victories for wholesaler-distributors in the NAW's 40 history. Formally initiated in November 1984 when President Reagan announced his "Tax Proposals for Growth, Fairness and Simplicity," tax reform became a reality 23 months later when the President signed the Tax Reform Act of 1986 on October 22.

Tax reform's purpose was not to increase or decrease federal revenues. Rather, within the framework of "revenue neutrality," tax reform aimed to make the tax code fairer and more economically neutral by eliminating the disparities in effective tax rates which existed under prior law.

This goal was largely accomplished by dramatically lowering tax rates and eliminating or making less valuable a variety of deductions and credits. While the final product is not perfect, this tax reform "formula" benefits most wholesaler-distributors because this industry was among the highest effective tax rate payers under prior law.

Throughout the process, NAW and its members played a central role in the drive toward reform. While space limitations preclude detailing the entire tax reform effort and NAW's role in it, the following highlights show the industry's involvement:

- In 1983, NAW helped found the Coalition to Reduce High Effective Tax Rates to fight against a corporate surtax in the short-term and for the elimination of effective tax rate disparities in the long-term. NAW served as Co-Chairman and Executive Secretariat of that coalition.
- In June 1985, following release of President Reagan's modified tax reform proposal, NAW launched the Tax Reform Action Coalition (TRAC) along with General Motors, IBM, General Mills, Procter and Gamble and the American Business Conference. TRAC's objective was to fight for the dramatically lower tax rates embodied in the President's proposal. Since then, TRAC's membership has grown to 250 corporations and trade associations representing more than one million firms nation-wide. NAW serves on the coalition's Management Committee and Strategy Committee and as its Executive Secretariat.
- By December 1985, NAW and TRAC had helped shape a tax bill in the House of Representatives—H.R.3838—which provided significant benefits to wholesaler-distributors, including a 36 percent top corporate rate, LIFO simplification and increased expensing limits. These benefits for wholesale distribution firms were graphically demonstrated by an NAW-Arthur Andersen & Co. computer model developed by using the actual tax returns of typical wholesaler-distributors. This model, updated with each change in proposed tax provisions, predicted the impact of tax reform on wholesaler-distributors.
- Entering 1986, NAW's objective was to help move a bill similar to H.R.3838 through the Senate Finance Committee, the full Senate, and a House-Senate Conference Committee. However, Finance Committee consideration of tax reform proved extremely difficult. Finally, follow-

Continued on next page

ing a complete breakdown of Finance Committee negotiations, the Committee went behind closed doors and emerged with its version of H.R.3838. The bill featured a top corporate rate of 33 percent and a better depreciation system than in the House bill. However, it also extended, for the first time, the so-called uniform cost capitalization rules to wholesaler-distributors and eliminated the LIFO simplification provision.

- As a result of a "no amendment" strategy, the bill passed the Finance Committee in May and the full Senate in June with the capitalization rules intact.
- Meanwhile, NAW's grassroots and Washington lobbying efforts continued and, with the help of House Ways and Means Committee Chairman Dan Rostenkowski, the House/Senate Conference Committee ultimately reincorporated the LIFO simplification provision and significantly mitigated, although it did not eliminate, the application of the inventory capitalization rules to wholesaler-distributors. Wholesaler-distributors with $10 million or less in annual gross receipts are completely exempted from the rules. In addition, the Conference Report directs the Treasury Department to develop simplified methods of applying capitalization rules to our industry. The simplified methods are actually detailed in the Conference Report and significantly reduce the potential costs of complying with the new rules. (NAW will seek elimination of these rules in 1987. In the meantime, NAW is working with the Treasury Department as the Internal Revenue Service develops regulations to implement the new law.)
- The Conference Committee approved a final tax reform bill in August which was passed by both the House and Senate in September. In addition to the LIFO simplification provision, the bill provides increased expensing limits for smaller businesses. Most importantly, it contains a top corporate tax rate of 34 percent, reduced from 46 percent under prior law and graduated corporate rates below 34 percent which are more favorable than prior law.
- After President Reagan signed H.R.3838 into law on October 22, NAW published and distributed a 31-page booklet, "Tax Reform Act of 1986: A Summary of Pertinent Provisions and Their Impact on Wholesaler-Distributors." In addition, the Association published a Tax Advisory on the new law, detailing a way to avoid the impact of the elimination of the *General Utilities* rule which deals with the recognition of gain on the sale or liquidation of a corporation or its assets.

Organization is the Key

In order to develop a pro-business/pro-wholesaling Congress, NAW created the Wholesaler Distributor Polical Action Committee (WDPAC). Through this committee, NAW has sought to staff Congress with the right kind of people—no easy task, certainly.

The political objectives of WDPAC are quite simple: give financial support to those candidates for House and Senate elections who are likely to support the aims of distributors.

In 1985, WDPAC contributed $125,000 to 158 Congressional candidates for the 1986 election, on both side of the aisle. "That may seem like a lot of money," said Van Dongen, "but isn't when the total number of contibibutions is considered. Our average contribution was only $791 per condidate supported." That not withstanding, WDPAC-backed candidates had an 85% win rate in the House and 60% of Senatorial candidates supported won election.

This win ratio is extremely high among PACs, even considering that part of WDPAC's contribution strategy—uncommon among business PACs—is to emphasize contributions to credible challengers and endangered incumbents. 51% of WDPAC-supported challengers were victorious in 1986.

"We could be doing much more," said George Seeds, WDPAC chairman, who is a wholesaler himself. "When compared with other lobbying groups, you can see that we need to make a bigger statement." The largest contribution a PAC can make to a candidate is $5,000. Seeds stresses that his wholesalers group has a long way to go to maximize its influence.

What the WDPAC is up against in Washington is that many groups are competing for the same dollars. Lobbying organizations abound in a city that is as power and influence-driven as our nation's capitol. In the business category, NAW's WDPAC is small by comparison. Small, but powerful. The reason, Seeds contends, is that there is only one group dedicated to the interests of wholealers,rather than business in general. And so, he says, donations to the WDPAC have a more pointed impact on Washington politics for wholesalers.

NAW's Jim Anderson (L) talks with Senator Daniel Inouye (D-HI).

Industry Research annd Education

Beyond government relations annd political action, NAW created the Distribution Research and Education Foundation (DREF) 20 years ago to give wholesalers a better sense of the size, scope and value of their industry. In 1982, DREF, working with Arthur Andersen & Co., the international tax, consulting and audit firm, developed a landmark study of the industry's future, titled "Future Trends in Wholesale Distribution." According to Ron Schreibman, NAW vice president-communications and executive director of DREF, "The 'Future Trends' report got this industry thinking and talking and focusing on the future like nothing else I can remember. DREF served an extremely useful purpose for the industry in this regard."

In fact, the industry—including paper merchants—has been so receptive to "Future Trends," that DREF's Board of Directors authorized a second such study, scheduled for publication in July. The new study's title is "Facing the Forces of Change: Beyond Future Trends in Wholesale Distribution." According to Schreibman, who paraphrases a famous credit card commercial when discussing the new study, said paper merchants "shouldn't leave the office without it. The study is going to be an invaluable strategic and operational planning tool for our industry."

While "Facing the Forces of Change" is DREF's biggest project right now, it is by no means its only one. Also due from the Foundation this year and next: a study of wholesaler-distributor/manufacturer working partnerships, a study focusing on the shifting of marketing functions in the channel and a study of the Just In Time (JIT) inventory control and management system.

Applying the Knowledge Learned

Paper distributors look to NAW as their standard bearer in Washington to see that their interests are addressed. The work done behind the scenes, whether in political education, lobbying Congress or researching how wholesalers can improve their businesses, brings new applications of the knowledge and influence gained. Legislation favorable to wholesalers, business programs, and services that save distributors money are all a result of this application of knowledge. The action-oriented work of NAW continues because the need is ever present.

NPTA's Washington Partner—NAW

Many of the programs available through NPTA come to paper distributors by way of the National Association of Wholesaler-Distributors (NAW). Their legislative expertise has generated more than just influence on Capitol Hill. New services for merchant wholesalers and a better flow of information have grown out of their work, to the benefit of member companies.

When one looks beyond Washington politcs and the growing respect wholesalers have gained there, the work carried on by NPTA's "National Partner," NAW, is seen as nothing less than revolutionary. If there were no Washington bureacracy nor lobbying efforts of NAW, there would still be a National Association of Wholesaler-Distributors. And it would be a strong organization, at that.

The realization that came to light at NAW was that wholesalers' daily needs for organizational support had to go beyond their governmental interaction. To help distributors more directly, a service corporation was formed. This arm of NAW was designed to utilize wholesalers' buying power to obtain services they need under enhanced conditions. What was discovered in the process and brought to the attention of wholesaling members was that these services could be provided more effectively and at a lower cost than through other corporations.

Insuring the Future

Most of the NAW programs that NPTA members are most familiar with are those that have recently made news. These are the group of insurance programs, developed by NAW working with CIGNA and New York Life, and made available to paper merchants through NPTA. There is an enormous economic clout that would not have been possible if not for the pulling together of all wholesale distribution. Independently, merchants have little impact on giant insurance conglomorates. But taken together,

wholesalers are seen as a driving force that cannnot be denied.

In just 18 months, this insurance partnership has generated more than $50 million in annual premiums with more than 2,000 wholesalers participating. Without NAW's efforts, this aggressive, money-saving business insurance program could not have been possible.

The program now includes Comprehensive Major Medical, Life Insurance, Disability Insurance, Accidental Death and Dismemberment, and Property, Liability and Workers' Compensation. This insurance protection, and the strength that comes from the participation of 120 different wholesaling commodity lines, is available through NPTA.

In the area of credit insurance, NAW approached Continental to develop a plan for wholesaling member companies to guarantee payment if a buyer defaults on an obligation. With 40% of the average wholesaler's assets tied up in receivables, this new program can save distributors from major losses. The program also guarantees that debt obligations will be met, reduces the cost of borrowing, and increases the overall profitability of the merchant company.

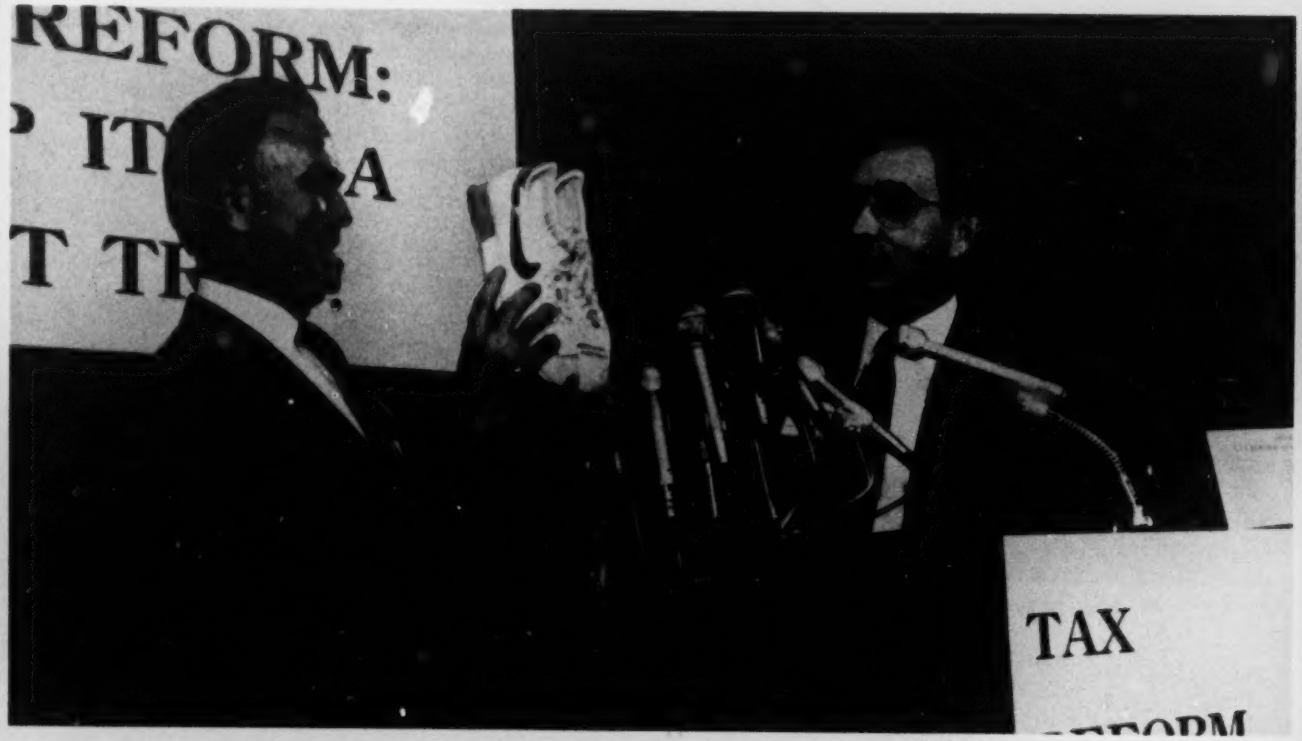
Debt Collection

The ability to work together has yielded many other benefits to wholesalers. The same approach used with CIGNA and Continental was recently applied to wholesalers' need to collect overdue accounts. NAW developed a working relationship with the National Revenue Corporation (NRC). In the past 30 months, the NAW/NRC program for wholesalers has collected them over $5 million in past-due accounts—a 35% recovery rate. This is well above the collection industry's national average of 22%. Member companies' return on investment (ROI) for this program has been running 340%.

Bottom Line Services

"Meeting the needs of the wholesaling community" is the simple goal of NAW's business programs contained in their Service Corporation. Drawing on the strength that comes from tens of thousands of companies across the country, they have generated a new business clout. Influence on Capitol Hill is a major benefit to NAW members, but having a direct, positive impact on a company's bottom line may be an even greater service.

For more information on any of these programs, contact John J. Buckley, Jr., NPTA president, at the headquarters office, or Anthony Simone, manager of marketing services, at NAW.



Senate Finance Committee Chairman Bob Packwood (R-OR) receives "TRAC" shoes from NAW's Van Dongen at a rally for the Tax Reform Action Coalition (TRAC).

John F. Church, Jr., president of Cincinnati Cordage and Paper Company and chairman of the Paper And Plastics Education Research (PAPER) Foundation, has been elected Secretary of the National Association of Wholesaler-Distributors.

Paper Merchants Can Shape the Country's Future

Much work lies ahead for paper merchants who wish to have their voices heard in the corridors of power on Capitol Hill. The National Association of Wholesaler-Distributors has answers for the merchant who is concerned about making Congress more responsive.

What would it cost to hire someone to talk to a few government officials on your behalf? What would you have to pay an expert to go to Washington and testify at a congressional hearing to have your opinions heard?

For most paper merchants, the idea is ludicrous. Not only would the cost be prohibitive, but they would have no idea where to begin.

NPTA started the process for paper merchants many years ago when it became affiliated with the National Association of Wholesaler-Distributors (NAW), headquartered in the Nation's capitol. Since then, paper merchants have benefited from a new perspective on activities in Washington that resulted from the NPTA-NAW connection.

New Lines of Communication

Members of NPTA receive reports on relevent issues in *Management News* and in special mailings. Even these vehicles do not have all the NAW information that is available. For some paper merchants, what they receive through NPTA may be enough. This is not true for all, though.

Currently, all NPTA member companies are enfranchised in the NAW network through a dues payment that NPTA makes annually to its "Washington Parter"—NAW. This amounts to only $2.50 per year for each NPTA member location, reports John J. Buckley, Jr., president of NPTA. The amount, he says, is "hardly much for NAW to work with."

Direct Support Makes a Difference

The leading paper merchants in this country, large and small, have found that they are not satisfied with an arms-length connection to legislative affairs that affect their companies. They have taken a giant step forward toward "making our Federal government work" by supporting NAW directly.

"Financial support for this important work comes primarily from our Individual Firm Members," said newly elected chairman of the board Louis H.T. Dehmlow, who is a chemical distributor. "The revenue from our 120 commodity line associations, like NPTA, accounts for only 4% of our income." Hardly a substantial amount in light of the tasks NAW atempts to perform on behalf of the wholesaling industry."

The life-blood of NAW's efforts are financed by its Individual Firm Members. There are more than 4,000 such companies at present that have made a committment to keeping the Washington atmosphere conducive to wholesale distribution.

To Find Out More

For more information on any program offered by NAW, or jointly by NPTA and NAW, use the free response card enclosed in this issue of *MN* for more details. Or, you can call Leo Fitzgerald, vice president of the NAW Membership Department at 202-872-0885, or NPTA at 516-829-3070. More hands lighten the load.

1986 Quarterly Performance Results Compiled

Who did better—industrial or printing paper merchants?

The Association recently completed its first full year of Quarterly Business Conditions Report (QBCR) surveys, mailing 4th Quarter, 1986 reports to participating members (only) in mid-February. The 160 or so merchant locations that participated each quarter generated an annual sales volume of $7.37 billion ($5.39 billion printing paper, $1.98 billion industrial paper)—a very representative industry sample.

Ten of the most important financial measures for paper merchants are tracked throughout the year, giving companies a chance to monitor their progress in between annual PAR (Performance Analysis Report) surveys. A quarter-by-quarter breakdown of full-year 1986 performance for the nation as a whole appears in the table below:

On a cumulative, full-year basis, printing paper merchants' *sales growth* was much higher than the industrial group, with volume growing 7.6% for the year. This is compared to a marginal increase of only 2.3% for industrial paper.

In printing paper, the year started out slow and improved throughout the year to a 12% gain in 4th quarter sales over 1985 levels.

Warehouse Gross Trading Margins, for both printing and industrial paper groups, stood at about 22.5% throughout the year. Indirect margins were slightly higher for industrial merchants, standing at 22.3% by the 4th quarter, versus 20.1% for printing paper. Historically, direct gross trading margins for industrial merchants run about double the printing paper figure. This was the case with QBCR results. Direct margins stood at 13% by the 4th quarter, compared to 6.4% for printing paper. For both types of merchants, the best direct margins were posted during the 1st quarter of the year.

As for *Operating Expense Control*, printing paper merchants seem to do a better job. Operating expenses for these merchants represented 81.1% of gross profits by the 4th quarter (very close to the 1985 PAR average of 83.5%). Expenses were cut between the 1st and 3rd quarters of 1986 for industrial merchants, but jumped to 100.4% by the end of the year.

Pre-tax Profitability ran higher for

Continued on page 37

QUARTERLY BUSINESS CONDITIONS REPORT RESULTS—1986 PERFORMANCE

TOTAL UNITED STATES AVERAGES

	Individual Quarters — Printing Paper					Individual Quarters — Industrial Paper				
Financial Measure	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Cumulative Full Year	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Cumulative Full Year
Percent Sales Increase vs. 1985 (%)	+2.5	+6.3	+9.8	+12.0	+7.6	+1.1	+2.2	+1.8	+5.1	+2.3
Warehouse Gross Trading Margin (%)	22.7	22.7	22.0	23.1	22.5	22.0	22.1	22.5	22.8	22.2
Indirect Gross Trading Margin (%)	20.2	18.9	18.7	20.1	18.9	21.7	21.6	22.2	22.3	21.7
Direct Gross Trading Margin (%)	7.8	6.1	6.2	6.4	6.3	13.2	12.9	12.6	13.0	12.9
Total Operating Expenses As % Gross Profit (%)	86.0	83.9	83.7	81.1	84.0	97.2	97.6	94.0	100.4	99.7
Pre-Tax Profit As % Net Sales (%)	1.1	1.0	1.6	0.9	1.1	0.3	0.7	0.9	0.9	0.5
Inventory Turnover (Times Per Year)	5.2	5.2	5.7	5.2	5.4	6.0	6.4	6.6	6.4	6.3
Turn & Earn Index	118.0	118.0	125.4	120.1	110.2	132.0	141.4	148.5	145.9	122.1
Receivables Turnover (Days)	41.6	40.9	44.4	42.5	42.8	41.2	35.9	39.4	39.8	39.2
Average Warehouse Order Size ($)	$351	$349	$368	$336	$347	$287	$269	$273	$272	$261

SOURCE: NPTA Quarterly Business Conditions Report Surveys, Monthly Paper Merchant Sales Report

3rd Qtr. 1986 Accounts Receivable Performance: Paper Merchants vs. U.S.

Every several months, NPTA publishes information concerning accounts receivable trends, as measured by TRW's Information Services Division—"Business Payment Indexes." Receivables indexes were last covered in the December, 1986 issue of *MN*, and this article is an update. Third Quarter 1986 data has just been published and is presented in the table below, along with 1985 data.

As the table shows, the percent of receivables classified as "current" for paper distributors fell to 67% from the second to third quarter. This worsening parallels *national* performance, where current accounts slipped to 76.5% on a seasonally adjusted basis. For "All Wholesale Trade," however, current accounts improved sharply, from 61% to 70.7% between the second and third quarters. According to TRW, "This (national) drop is the second in a row and makes it highly unlikely that the year will average 78%, as we had hoped six months ago. Unless economic conditions improve significantly or we see another downward ratchet of interest rates, U.S. business appears to have gone as far as it can go to improve its bill-paying performance." TRW further reported that overdue payments increased in the third quarter, with national payments 1–60 days past due up to 17.6%. This is still quite good in comparison to the past six years, however. For paper distributors, this figure was much higher, rising from 24.8% to 26%.

The TRW Business Payment Index was a good indicator of economic conditions in 1986. TRW expects to see a slowing of the economy in the third quarter, with an interesting facet of the economy that growth is slow but the level of activity is not all that bad. "The economies of the world have been through severe and multiple shocks in the last decade or so; perhaps a few years of somewhat below par but nevertheless improving economic conditions are needed for the system to settle down."

NPTA's monthly Paper Merchant Sales Report also tracks receivables activity. At the beginning of the third quarter (July, 1986), days of receivables outstanding were 37 for industrial paper merchants and 43 for printing paper. By the end of the quarter (September, 1986) this figure slipped to 39 days for industrial and improved to 38 days for printing.

Sources of Expansion Capital—Be Careful of Use!

The Independent Business Institute of Akron, OH has available Report No. 627—Money Sources, that highlights sources of growth capital, and what to be wary of for each.

In a recent press release the Institute reported that troubled times spell opportunity for business owners who want to grow. "When the economy is tight, many customers will shop for better prices and service. Customer-supplier loyalties are weakened and marketing efforts which stress price, service, quality, customized services, better ideas or greater reliability are more effective than in good times when customers are too complacent to be jarred out of their routine." Companies can use this period to grow—faster than during "good" times.

But, this growth requires money to invest. Despite what people have heard about how tough it is to *raise* money, it is easier to raise it than to *manage it* profitably and to pay it back. It is also very easy for a business to grow too fast. For most companies, any growth rate beyond 10% in real (inflation subtracted) terms is dangerous. For paper merchants, who typically carry 49% of their assets in accounts receivable, a firm could easily outpace its capital.

Three basic kinds of capital are available: equity, debt and combinations.

Sources of Equity Funds

- For a *proprietorship*: investor/partner (friend, relative, customer, pure investor).
- For a *corporation*: selling your stock, floating new stock issues.

Sources of Debt Financing

- Low-interest loans: relatives, suppliers, customers, employees, etc.
- Moderate-interest loans: same as above, higher interest.
- Current-interest loans: bank unsecured notes, secured loans—against buildings, equipment, other fixed assets—slow, expensive, hard to get; factoring or selling accounts receivable is better.

Combination of Debt/Equity

- A lender who wants "a piece of the action." Avoid this type if at all possible.

To get your loan, tell the loan officer about your business and yourself. Give him three years' financial statements and your most recent monthly or quarterly. Invite him to your business. Tell him what the loan is for, what his collateral will be and how it will be repaid. Tell him your emergency plans.

To obtain this report (Report No. 627—Money Sources), send $2 to The Independent Business Institute, Box 159, Akron, OH 44309.

Accounts Receivable—In Percents Paper Distributors

		1986			1985			
		1st Qtr.	2nd Qtr.	3rd Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
	Current	66.0	67.8	67.0	65.1	66.9	68.5	68.8
	1–30 days	19.8	18.6	20.0	21.4	19.9	19.1	18.8
Past Due	31–60	7.2	6.2	6.0	7.6	6.5	6.3	6.2
	61–90	2.7	2.7	2.8	2.4	2.5	2.0	2.3
	90 +	4.4	4.7	4.2	3.5	4.3	4.2	3.9

Paper Merchants Have a Crystal Ball

Speaking about the future, the famous management theorist Peter Drucker said, "No one can plan for what doesn't exist yet. All one can do is encourage it or discourage it." Paper merchants have a brand new report that is very encouraging.

Paper merchants have a new crystal ball to look into that presents industry expectations for the next 3–5 years. It is titled *New Strategies for Growth: Paper Distributor Plans for the Future*. The report has just been published by the Paper And Plastics Education Research (PAPER) Foundation, and is available through the NPTA Communications Department.

The *New Strategies* report follows Peter Drucker's advice regarding the "encouragement" of the future, but asks the question: Is a new day dawning for paper merchants—or is the sun setting?

Denis Healy, the report's author, says that "those who grasp the implications of change and capitalize on the opportunities facing them are able to influence—if not create—their own futures by implementing effective growth and market coverage strategies." What are the most important strategies? Gaze into *New Strategies for Growth.*

The Single Most Important Task

The challenges facing paper distribution are many. As the paper merchant looks toward the 1990s, the picture is clouded with many concerns. According to the *New Strategies* report, it is without question that in the years ahead, merchants will be challenged as never before. Their technical, managerial and marketing skills must be honed.

"Responding effectively to these demands is the single most important task facing the industry as it moves into the 1990s." The entire merchant system is changing in a fundamental way. It is becoming far more market-oriented and efficient as a distribution system. Those who can recognize and respond to these changes will count themselves among the successful companies of the next decade. The *New Strategies* report helps paper merchants crystallize their possibilities.

Much New Information

The new PAPER Foundation report contains information and perspectives on the future of paper distribution that has not been seen before. Based on surveys of 200 senior paper distribution industry executives, plus discussions with over 60 leading mills and converters, *New Strategies for Growth* tackles the next 3–5 year period for the industry as never before. The report, with over 100 pages of documentation, reviews the future through a topical, easy-to-digest method.

It is divided into three sections: "Industry Trends," "Merchants' Responses to Trends" and "Preparing for the 1990s." The first section separates trends into those being exhibited by customers, mill converters, competitive trends among all groups and paper marketing and distribution trends.

The section on merchant responses to these trends looks at a variety of growth strategies, strategic decisions, marketing approaches and service. In the last section on preparing for the 1990s, author Healy profiles the "marketing-oriented" paper merchant of tomorrow and emphasizes the important value that lies in planning.

For More Information

The PAPER Foundation's report *New Strategies for Growth: Paper Distributor Plans for the Future* may be obtained through the NPTA Communications Department at 516-829-3070 or by using the order card enclosed in this issue.

Want to Save Money on Car Rentals?—Ask NPTA

For business or pleasure, car rentals can be less expensive if paper distributor members take advantage of a Hertz discount offered through NPTA. This nationwide program is a result of the National Association of Wholesaler-Distributors action with Hertz to gain paper merchants (and other wholesaler members of NAW) this preferred status. This national program grew 35% during 1986.

The Program

All NPTA members have a Hertz card that identifies them as being part of the NPTA/NAW discount program. (If, for some reason, you do not have a card or have lost it, call NPTA to obtain another one.) The program brings lower rates, but varies a bit in some cities and is not applicable in Alaska.

For the majority of the country, though, discounts are significant. The following is a listing of Nationwide Flat Rates available to NPTA members.

For a few other cities, there are slightly higher charges. The rates are $5.00 per day more in Boston, Chicago, Hartford, Philadelphia, Pittsburgh, and Washington, D.C., as well as at the airports serving those cities.

The flat rates are $8.00 higher in New York City and at its airports, and are not available there on weekends or holidays.

Generally, these discounts are 10% on all classes of cars with few exceptions.

More Information

For details beyond those given above, contact the NPTA headquarters office.

Next Month . . .

Don't miss the May issue of *MN*. All the Convention registration materials, hotel and Special Events ticket order forms will be contained in this unique "Pre-Convention" edition of NPTA *Management News* magazine.

Watch for it! There will be some surprises and lots of planning information that will help make your 1987 Convention experience one to remember.

Major Paper Mills Announce 1986 Sales and Earnings

An overview of year-end figures, as reported in the annual reports from eight top producers, lends encouragement to the outlook for 1987.

On examining the 1986 business reports from companies such as Georgia-Pacific, Great Northern Nekoosa and Scott, one is reminded of the recurring line of a popular Frank Sinatra song: "It was a very good year." All of the companies reported increased sales figures (though not all could claim an increase in net earnings). In the summaries that follow, the emphasis will be on that part of the reports that deal with paper and related products, rather than on sections of the reports that deal with such things as chemicals or building products.

Champion International Corporation

Even though net sales dropped from $5.8 billion in 1985 to $4.4 billion in 1986, Champion's net income was about $201 million compared to $163 million in 1985. The drop in net sales was attributed primarily to the sale of most of the company's packaging operations to Stone Container Corporation last February. The paper part of Champion's business dropped slightly to $397 million from the previous year's $401 million level with 4th quarter results showing renewed strength.

There were backlogs on uncoated grades throughout the year, while there was a slightly better volume of sales of coated free sheet grades. The newly converted Pensacola, FL mill started production of uncoated paper at the end of December.

Profits in the company's publication papers business remained good. Production was curtailed from time-to-time during the first half of the year, but business was better than expected toward the end of the year.

Champion reorganized its management and business units effective July 1, 1986 as part of a system-wide cost-cutting effort. Chairman and CEO Andrew C. Sigler stated, "Far-reaching productivity improvement programs are under way at all our locations," adding that "it might take two or three years before all results are visible."

Georgia-Pacific

After more than a year of sluggish demand in their pulp and paper business, Georgia-Pacific came back strongly in 1986. Their pulp and paper earnings rose to $146 million—five times the 1985 total of $29 million! T. Marshall Hahn, Jr., chairman and CEO attributed the "dramatic comeback in 1986" to the "lower level of the U.S. dollar in world markets as well as to timely upgrading and modernization of mills and equipment."

Including Georgia-Pacific's building products segment, G-P's sales for 1986 hit an all-time record of $7.2 billion. Mr. Hahn anticipates continued good performances from commodity grades such as linerboard, pulp and uncoated freesheet paper in 1987.

Great Northern Nekoosa Corporation

Aided by an all-time record 4th quarter net income of $37.1 million on sales of $534.8 million, Great Northern Nekoosa enjoyed a net income for 1986 that was 84.6% higher than 1985's. Net income would have been still higher except for a one-time charge, reported in the 2nd quarter, covering the costs of reducing operations and implementing productivity improvement programs at the company's Maine facilities. Increases in shipments of market pulp, containerboard and business papers more than offset decreases in newsprint and groundwood printing papers.

According to chairman William R. Laidig, cost reduction programs will continue while export and domestic demand for the company's products are expected to remain strong. He predicted another good year in 1987.

Louisiana-Pacific

Record sales and significantly higher earnings in 1986 were reported by Louisiana-Pacific. Sales reached $1.5 billion, a 22% increase over 1985's figure of $1.26 billion. The company earned $64.9 million in 1986. Harry A. Merlo, chairman and president of L-P noted that the company had engaged in "aggressive cost control" and had seen "a dramatic turnaround in our pulp and paperboard segment during 1986." This was attributed, in part, to favorable monetary exchange rates.

The acquisition of the Zellerbach Paper Group and Ampad should keep 1987 earnings strong for Mead.

Louisiana-Pacific reported an extraordinary gain of $123 million in the 4th quarter (not included in the earnings figure above). This resulted from the reversal of previously provided income taxes on the estimated payment from the U.S. government for timberland taken from L-P in 1978 to expand Redwood National Park. The purchase of Kirby Forest Industries from Santa Fe Southern Pacific Corporation in December qualifies as "replacement property" under IRS regulations, thus reducing L-P's tax liability on what the government paid L-P for their lost timberland.

Mead Corporation

Sales for 1986 increased 17% to a record $3.2 billion compared to the 1985 figure of $2.7 billion—but several one-time adjustments cut Mead's net earnings to $36.3 million compared to 1985 net earnings of $93.5 million. Operations earnings for 1986 hit $109.3 million (up from the 1985 figure of $96.7 million).

Despite the fact that most of the one-time adjustments occured in the 4th quarter, resulting in a net loss for the quarter of $46.2 million, actual 4th quarter sales were up 46% over the same quarter in 1985. Burnell R. Roberts, chairman and CEO, noted, "It's clear from 4th quarter operating results that we are experiencing growing strength in our markets and operations." All of Mead's products were in strong demand, and it was noted that pulp producer inventories in North America and Scandinavia dropped in December to their lowest level since mid-1980. Sales of coated board and bleached board set new records in 1986. Linerboard remained on allocation to customers throughout the 4th quarter and is sold out through the first half of 1987.

Mead Merchants, a distribution business, increased earnings more than 40% over 1985, thanks to greatly increased sales of printing papers.

Roberts pointed out that Mead is "operating at record production rates" at most of the company's paper, paperboard and pulp mills. He also said that the acquisition of Zellerbach Paper Group and Ampad Corporation should help keep 1987 earnings very strong.

Pentair, Inc.

D. Eugene Nugent, chairman and CEO of Pentair, said that Pentair's "paper subsidiaries produced and sold record volumes of paper." He added, however, that "overall 1986 performance fell short of our expectations and goals," though "the 4th quarter performance exceeded targeted levels."

While Pentair had a 17% increase in annual net sales to $623.9 million, net income declined to $15.2 million compared to the 1985 figure of $20.1 million. Pentair, in addition to its paper business, is parent company to (among others) Porter-Cable and Delta International power tools, and it was the electric tools, machinery and industrial products part of Pentair's business that provided the sales gain.

A strengthening in the market for uncoated paper produced by facilities in Miami, Flambeau and Port Huron was noted. Lake Superior Paper Industries, a joint venture of Pentair and Minnesota Power, is under construction. The project is on schedule and paper manufacturing is expected to begin in late 1987.

Scott Paper Company

For the third year in a row, Scott Paper set a new record for sales and operating income in 1986. Sales grew 13% to $3.4 billion, while operating income increased 24% to $368.4 million. Unfortunately, the combination of a nine-week strike at Scott's Mobile, AL facility and the retroactive provisions of the Tax Reform Act of 1986 raised expenses about $35 million, causing net income for the year to slip to $186.5 million from the $201.1 million mark reached in 1985.

Philip E. Lippincott, Scott's chairman and CEO, pointed out that the company's record-setting pace was "indicative of the strength of our worldwide sanitary paper products and our U.S. printing and publishing paper businesses." Scott is the world's leading manufacturer and marketer of sanitary tissue paper products, with operations in 18 countries. It has registered improvements in sales and operating income each year since 1981.

Outside the U.S., Scott's sanitary paper products subsidiaries in Europe, Taiwan, Singapore and Malaysia nearly doubled their earnings, due, in part, to the weaker dollar. The only soft spot was Mexico, where the company's earnings were $32.7 million lower than in 1985.

Sales of Scott's printing and publishing paper subsidiary, the S.D. Warren Company, were up 9% over 1985 to a record $921.2 million, despite the impact of the Mobile strike.

Union Camp Corporation

With sales up 10% over 1985 and surpassing $2 billion for the first time, Union Camp registered a 36% increase in earnings to just under $130 million. Commenting on the results,

Gene Cartledge, chairman and CEO, said, "In 1986, paper products shipments increased 14% over the past year to a record 2.66 million tons. Much of this increase came from linerboard, as export shipments surged in response to a weaker dollar and domestic demand continued its steady growth." The company's kraft paper and board mills operated at capacity during the year.

Demand continued to grow in Union Camp's printing and writing paper business, as well. The company was able to meet the demand thanks to their new mill in Eastover, SC.

Mr. Cartledge expects "continued strong demand and high operating rates" in Union Camp's business during 1987.

Conclusion

Because this was meant to be a look at total results for 1986, and 4th quarter figures were not given too much emphasis, it should be pointed out that much of the increase in business did take place in the 4th quarter. Even when adverse factors (such as provisions of the new tax law) reduced 4th quarter net earnings, sales and operating earnings surged for the quarter. Overseas operations were helped by the weaker dollar, but domestic sales also showed dramatic increases toward year's end. The companies have all been engaged in major cost-cutting efforts which have helped improve net income levels. These economy measures are an on-going process, which will continue to have a beneficial impact on future earnings. Without exception, all of the companies discussed above expect that 1987 business levels will continue to build on the strong demand that was in evidence as 1986 drew to a close.

It should be pointed out that much of the increase in business did take place in the 4th quarter.

MANAGEMENT INFORMATION/CONTINUED

printing paper firms, between 0.9% and 1.6% of net sales, while it ranged from 0.3% to 0.9% of net sales for industrial paper firms. QBCR pre-tax profits come out substantially lower than PAR measures because such items as yearly inventory gains (pick-ups) and other income (interest) are not recorded in time to meet filing deadlines, but they *are* included for PAR. *Inventory* was generally turned over a little faster by industrial merchants, and was 6.3 times yearly at year-end 1986, resulting in a higher "turn & earn" index for all quarters. (Turn & earn index = warehouse gross trading margin multiplied by inventory turnover. It is a more comprehensive, integrated measure of profitability and operational efficiency.)

For *Receivables Management*, industrial merchants collected their accounts 2.7 days faster, on average, than printing paper firms, 39.8 days vs. 42.5 days by year-end. These figures are very close to 1985 PAR averages of 38.9 days and 44.4 days. By comparison, the industrial and printing "days of receivables outstanding" as of the December, 1986 NPTA sales report were 40 days and 41 days, respectively.

There were significant *regional* variations from these U.S. averages. For example, for cumulative full-year 1986 performance through the 4th quarter...

For *Printing* Paper:

- Region 8 firms' sales increase was +14.6%, while Region 7 firms' was only +0.6%.
- Region 3's direct gross trading margin was higher than the U.S., at 10.7%.

For *Industrial* Paper:

- Region 3 firms' sales increase was +6.8%, while Region 7 came in at −6.0%.
- Region 1 had much higher direct gross trading margins at 17.1%, and lower operating expenses at 80.7% of gross profits.

NOTE: For definition of states included in each region, see page 38.

You could have seen all these regional differences, plus *your own company's* results and *your rank* within the printing, industrial or dual group—*if* you had participated during 1986. You could have tracked your performance throughout 1986, comparing yourself to your competitors and the industry as a whole.

What are you waiting for? The one-page survey form, filled out only once every three months, is well worth the return on your invested time. QBCR reports are totally FREE of cost and completely confidential, processed in-house by NPTA. Call the Research Department today for information. The 1st Quarter 1987 survey forms were mailed to members on March 30th, and *the filing deadline is April 30th*. Get yours in today.

- *You can* phone *in your figures or send them via* facsimile *machine. For FAX (24 hours a day), call 516-829-3074.*

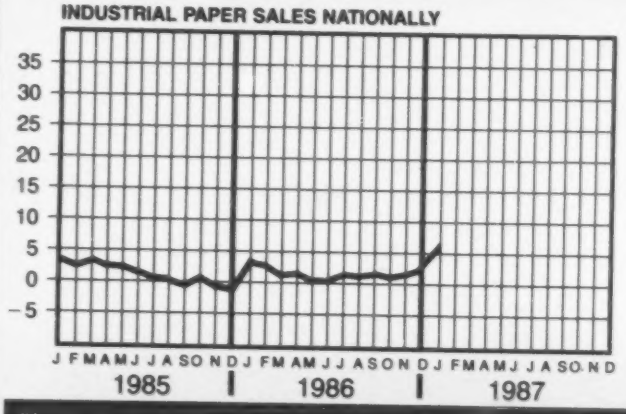
Summary National Trend Information: 1985 To Present

NOTE: *BEGINNING WITH THE JANUARY 1986 REPORT, STATISTICS WERE PRODUCED BY A NEW SYSTEM. THEREFORE, STRICT COMPARISONS TO PRIOR REPORTS SHOULD NOT BE MADE.*

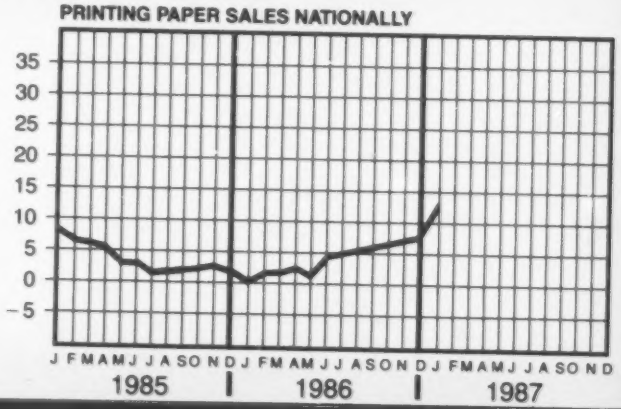
SALES INFORMATION

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY

INDUSTRIAL PAPER SALES NATIONALLY



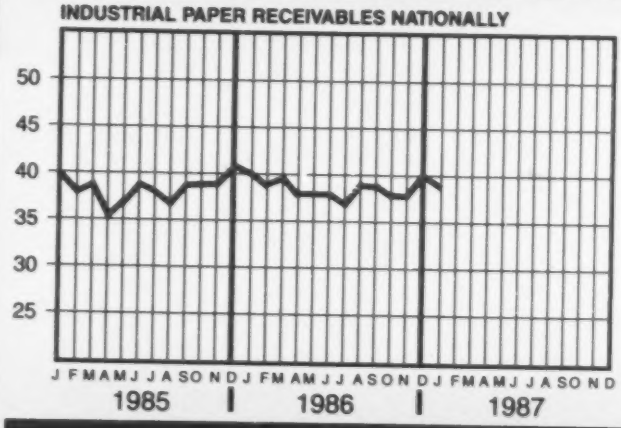
PRINTING PAPER SALES NATIONALLY



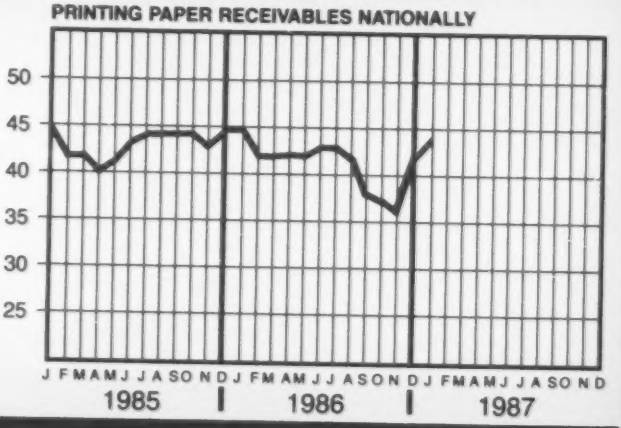
RECEIVABLES INFORMATION

DAYS OUTSTANDING—ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



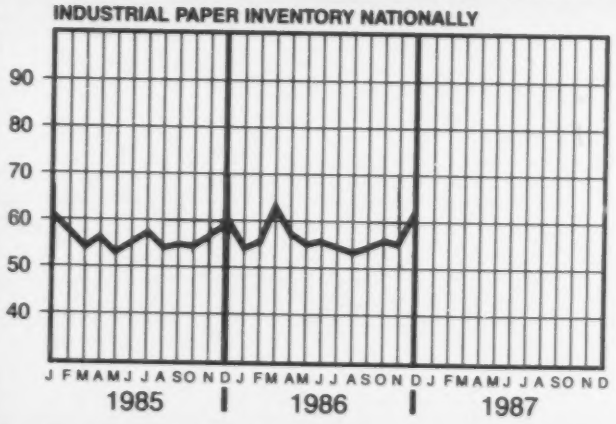
PRINTING PAPER RECEIVABLES NATIONALLY



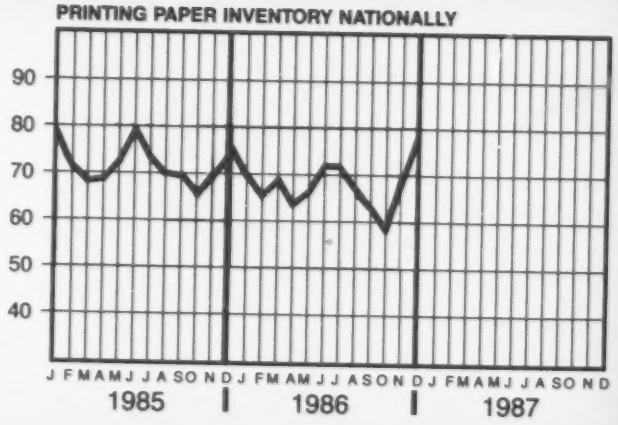
INVENTORY INFORMATION

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

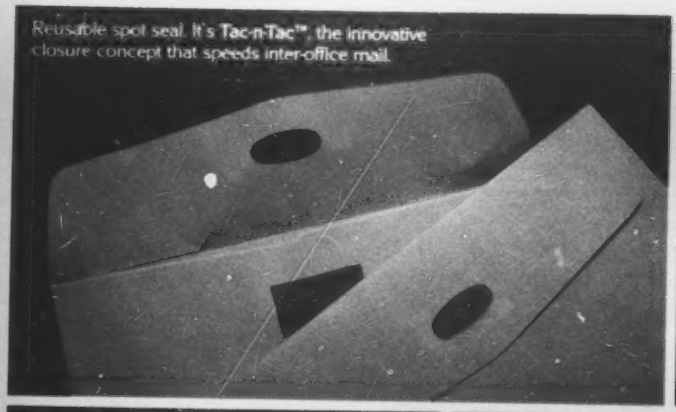
INDUSTRIAL PAPER INVENTORY NATIONALLY



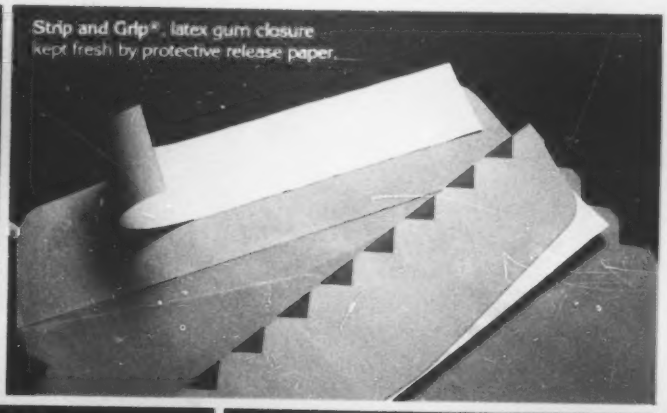
PRINTING PAPER INVENTORY NATIONALLY



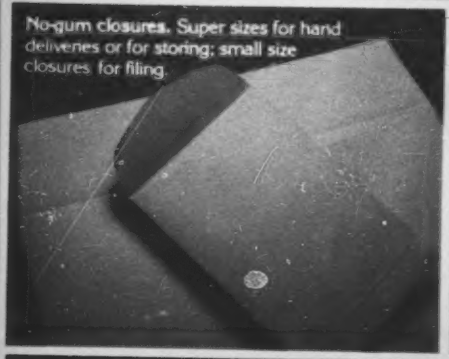
Who but National Envelope offers you so many closures?



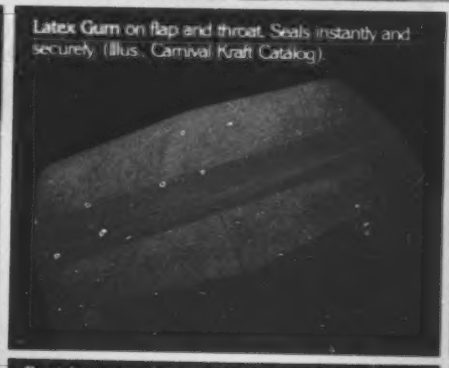
Reusable spot seal. It's **Tac-n-Tac™**, the innovative closure concept that speeds inter-office mail.



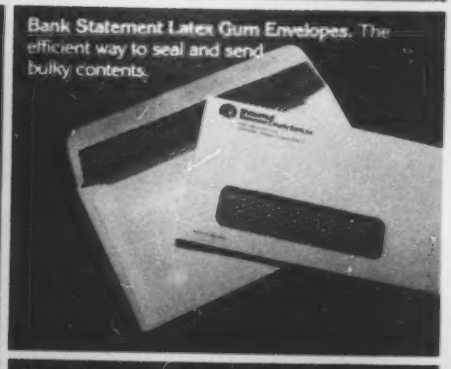
Strip and Grip®, latex gum closure kept fresh by protective release paper.



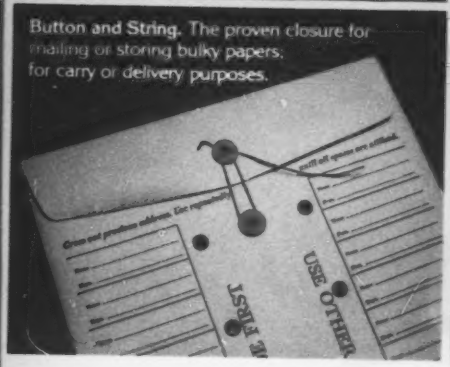
No-gum closures. Super sizes for hand deliveries or for storing; small size closures for filing.



Latex Gum on flap and throat. Seals instantly and securely. (Illus., Carnival Kraft Catalog)



Bank Statement Latex Gum Envelopes. The efficient way to seal and send bulky contents.



Button and String. The proven closure for mailing or storing bulky papers; for carry or delivery purposes.

Dextrine gum closure. The universal closure available in any style and size envelope under the sun.

Clasp. The proven closure for mailing or storing bulky papers; for carry or delivery purposes.

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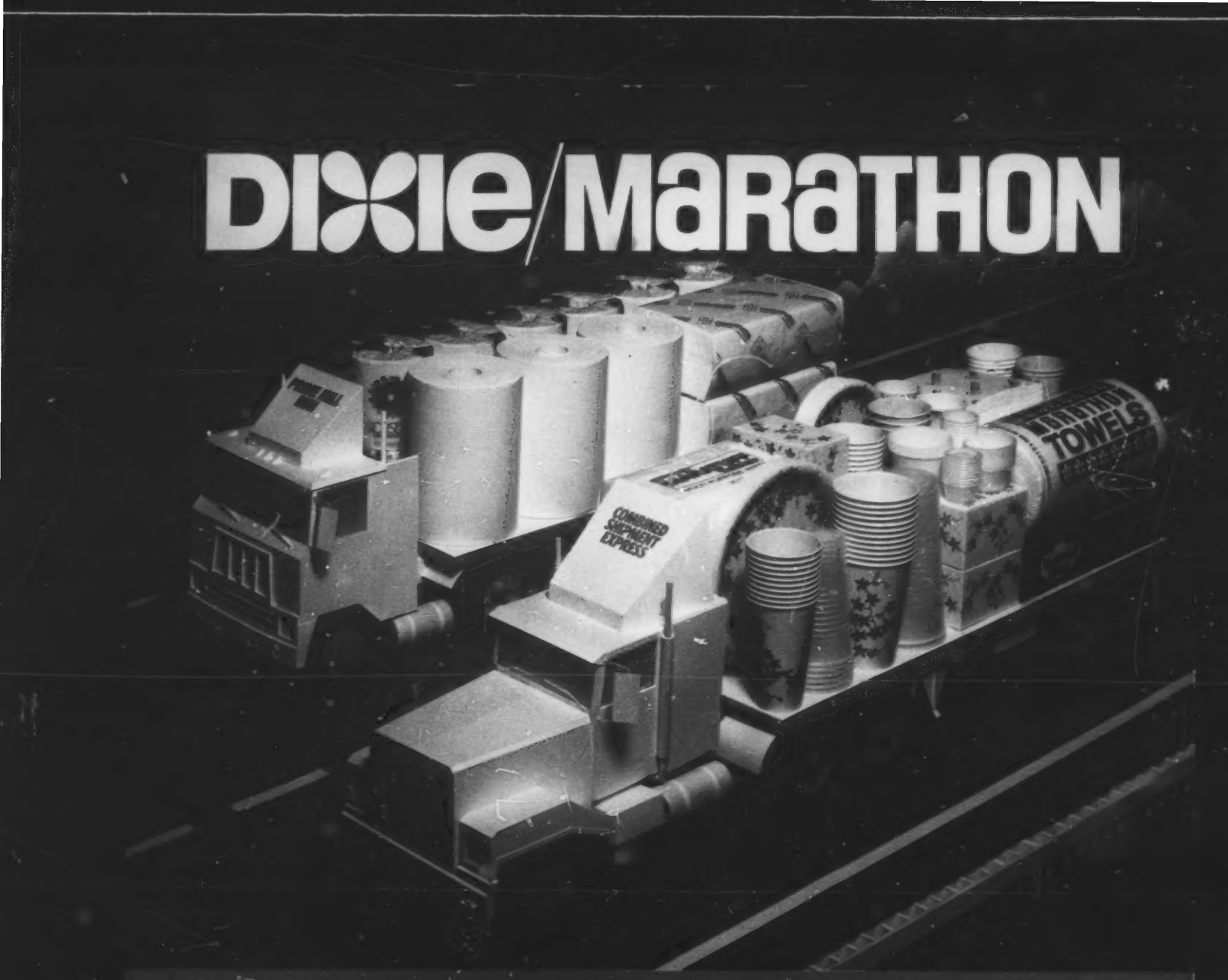
New York Envelope Corp., Long Island City, NY, 11101, 718 / 786-0300, 800 / 221-9551.
Envelope Convertors, Inc., Brooklyn, NY, 11237, 718 / 386-6000, 800 / 221-0605.
Champion Envelope Corp., Union, NJ, 07083, 201 / 353-8100, 800 / 526-6829.
National Envelope Corp., Worcester, MA, 01607, Box 1728, 617 / 798-8711.
Austell (Atlanta), GA, 30001, 404 / 944-3322, 800 / 241-8173.
Lenexa, KS, 66215, 913 / 888-3282, 800 / 255-6288.
Vinita Park (St. Louis), MO, 63114, 314 / 423-6700,
800 / 325-0002.

DIXIE/MARATHON



OUR FLEXIBLE SHIPPING SYSTEM DELIVERS MORE PROFIT.

With Dixie/Marathon, you can pick and choose the way you want product delivered. Whatever helps you turn your inventory more profitably.

Would a mixed order of foodservice and sanitary items give you faster turns? OK. We'll send it all at once in a combined shipment system.

Or maybe a large shipment, straight from the mill, is what you want.

Either way, you have a supplier prepared to respond to your needs, on time, every time. And you have the industry's broadest line of disposables to choose from.

What you want, where you want it, all at once. Nobody works harder to help you turn your inventory more profitably. See your Dixie/Marathon representative for details.